

THE NATIONAL PACKAGING COVENANT

**A Commitment to the Sustainable
Manufacture, Use and Recovery of
Packaging**

15 July 2005 to 30 June 2010



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PREFACE

At its November 1996 meeting, the Australian and New Zealand Environment and Conservation Council, now the Environment Protection and Heritage Council (EPHC) directed its Standing Committee to commence negotiations, encompassing local government and all parts of the packaging supply chain, on a national packaging agreement based on the principle of shared responsibility.

The agreement was also to address the question of the distribution of responsibilities and costs, and aim to secure the kerbside recycling system. The National Packaging Covenant (Covenant) was the result of these negotiations and commenced in July 1999.

The Covenant is the voluntary component of a co-regulatory arrangement for managing the environmental impacts of consumer packaging in Australia. It is an agreement based on the principles of shared responsibility through product stewardship, between key stakeholders in the packaging supply chain and all spheres of government – Australian, State, Territory and Local.

The regulatory underpinning is provided by the National Environmental Protection (Used Packaging Materials) Measure (NEPM), designed to deal with free riders and non-signatories and applied at the jurisdictional level.

The Covenant and the NEPM expired in July 2005. The Covenant was extensively reviewed in 2004 and revised in response to the findings of the evaluations and a general agreement by all stakeholders that the model needed to be significantly strengthened if it was to continue. This Covenant incorporates the changes made to achieve substantially improved performance.

The Covenant is designed to minimise the environmental impacts arising from the disposal of used packaging, conserve resources through better design and production processes and facilitate the re-use and recycling of used packaging materials.

The Covenant establishes a framework for the effective life cycle management of consumer packaging and paper products that will be delivered through a collaborative approach between all sectors of the packaging supply chain, consumers, collectors, reprocessors and all spheres of government.

The Covenant acknowledges the significant investment made by all stakeholders to date, and enshrines the responsibilities of all relevant stakeholders within this collaborative approach.

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Of particular importance are:

- The adoption of product stewardship policies and practices by all participants in the packaging supply chain that contribute to the minimisation of the environmental impacts of consumer packaging within their individual spheres of influence, the optimization of packaging to balance resource efficiency and maximise resource re-utilisation and where applicable and sustainable, the provision of used packaging and paper recovery systems
- The implementation of the NEPM by relevant jurisdictions as the cornerstone of the co-regulatory framework
- The provision of services for domestic and, where applicable and sustainable, other used packaging and paper recovery systems by local government.

All signatories to the Covenant recognise that a co-operative approach between industry and all spheres of government is essential to achieving national consistency in the lifecycle management of packaging and paper and the implementation of sustainable materials recovery systems.

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GLOSSARY OF TERMS

“brand owner” means :

- A person who is the owner or 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.

“composite packaging” means consumer packaging comprising two or more different packaging material types fused or joined together in a single medium so that they cannot be separated by the consumer.

“consumer packaging” means all packaging products made of any material, or combination of materials, for the containment, protection, marketing or handling of retail consumer products. This also includes distribution packaging (see below).

“consumer paper” means all paper and cardboard from domestic premises, other than paper used to publish newspapers or magazines.

“distribution packaging” means packaging that contains multiples of products (the same or mixed) intended for direct consumer purchase, including :

Secondary : packaging used to secure or unitise multiples of consumer product, eg. cardboard box, shipper, shrink film overwrap.

Tertiary : packaging used to secure or unitise multiples of secondary packaging, e.g. pallet wrapping stretchfilm, shrinkfilm, strapping.

“free rider” means a company or organisation that is a participant in the packaging supply chain and is not a signatory to the Covenant, and is not producing equivalent outcomes to those achieved through the Covenant.

“industry” means any manufacturing, industrial, commercial, wholesale or retail activity or process, that can result in the generation, recycling, treatment, transport, storage or disposal of consumer packaging and consumer paper waste.

“kerbside recycling collection” means roadside collection of domestic solid waste separated for the purpose of recycling or otherwise using those materials so separated.

“key performance indicators” are the agreed, quantifiable measurements that reflect the critical success factors of the National Packaging Covenant.

“landfill” means waste disposal sites used for the authorized deposit of solid waste onto or into land.

“lifecycle management” means management of the potential environmental impacts of a product in all stages of production, distribution, use, collection, re-use, recycling, reprocessing and disposal of that product.

“litter” means packaging or paper that when removed from a product is intentionally or unintentionally discarded.

“materials recovery systems” are systems to collect, sort and pre-process materials recovered from the waste stream, including but not limited to domestic kerbside recycling collections, drop-off collection systems, public place collection and industrial and commercial recycling collection systems.

“packaging recovery chain” refers to the companies, organisations and/or Local Governments who provide recycle collection services, reprocessors, secondary markets and users of recovered, post-consumer and post-industrial packaging materials and paper products.

“packaging supply chain” means each of the organisations that participate in the creation, distribution and sale of consumer packaging and / or products. These include but are not limited to:

- suppliers of raw materials for consumer packaging
- manufacturers of consumer packaging
- suppliers / distributors of consumer packaging
- manufacturers of consumer products
- fillers of consumer packaging eg. contract packers
- brand owners of consumer products
- wholesalers / distributors of consumer products
- retailers of consumer products

“post consumer recycled content” means material generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product which can no longer be used for its intended purpose. This includes returns of material from the distribution chain.

“product stewardship” means the ethic of shared responsibility through the lifecycle of products including the environmental impact of the product through to and including its ultimate disposal.

“recovered materials” means used packaging materials that have been separated from the waste stream for reprocessing and used in the manufacture of consumer packaging or other products.

“recyclable” packaging for a product means, reasonably able to be recovered in Australia through collection or drop-off systems and able to be reprocessed and used as a raw material for the manufacture of a new product.

“recycle” for a product, means recover the product and use it as a raw material to produce another product.

“recycled content” is the percentage by weight or volume of post-industrial and/or post-consumer recycled material in the raw materials used for the manufacture of a product.

“resource efficiency” means the efficiency with which we use resources and minimize environmental impacts throughout the lifecycle of a product or service (such as packaging).

“re-use” for a product, means use a product for the same or similar purpose as the original purpose without subjecting the product to a manufacturing process which would change its physical appearance.

“re-utilisation” includes re-use, recycling and energy recovery.

“secondary market” means the sale and use of materials recovered through material recovery systems.

“selection on merit” is the principle, based on sound science, that selects a specific material or combinations of materials, for a given application on its ability to meet the various functional criteria over the whole-of-life of the product including: manufacture, supply, use and disposal.

“shared responsibility” refers to the equitable distribution of responsibility for the management of the environmental impacts of consumer packaging to the most appropriate participants within the packaging supply and recovery chains.

Shared responsibility may be achieved through, but is not limited to:

- The adoption of policies and practices by all participants in the packaging supply chain that contribute to the minimisation of the environmental impacts of consumer packaging within their individual spheres of influence.
- The optimization of packaging to balance resource efficiency and maximise resource re-utilisation and where applicable and sustainable, the provision of used packaging and paper recovery systems
- The implementation of the NEPM by relevant jurisdictions as the cornerstone of the co-regulatory framework
- The provision of services for domestic and, where applicable and sustainable, other used packaging and paper recovery systems by local government

“signatory” means any individual, group, company, or level of government who signs the National Packaging Covenant

“stakeholder” means any individual, group, company or level of government that is involved in the lifecycle management of packaging materials, across its manufacture, use, disposal and recovery.

“waste hierarchy” is a concept that provides a framework of desirable waste management options - prioritising first the avoidance of unnecessary consumption, then its reuse and recycling and lastly the optimisation of its final disposal.

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ACRONYMS

“ANZECC” means the Australian and New Zealand Environment and Conservation Council

“ECOPP” means the Environmental Code of Practice for Packaging

“EPHC” means the Environment Protection and Heritage Council

“JPG” means a Jurisdictional Projects Group

“NEPM” means the National Environment Protection (Used Packaging Materials) Measure

“NPCIA” means the National Packaging Covenant Industry Association

“NPCC” means the National Packaging Covenant Council

“NPG” means the National Projects Group

1. INTRODUCTION

The Australian and New Zealand Environment and Conservation Council (ANZECC) signed the National Packaging Covenant in 1999. The Covenant builds on earlier strategies, guidelines and agreements and takes into account the Intergovernmental Agreement on the Environment and the National Strategy for Ecologically Sustainable Development.

It also reflects a number of significant environmental, social and industry developments that have occurred in the past decade. These include an increased recognition that resource efficiency is a principal element of waste management in Australia, as embodied in the waste hierarchy outlined below.

The Waste Hierarchy

Materials should be conserved through more efficient use, the avoidance of unnecessary consumption and the encouragement of re-use, recycling and energy recovery. The waste hierarchy states that wastes should be managed in accordance with the following order of preference:

- 1. Avoidance**
- 2. Re-use**
- 3. Recycling**
- 4. Energy recovery**
- 5. Disposal**

All signatories to this Covenant recognise that:

- A co-operative approach between industry and all spheres of government is essential to achieve a nationally consistent approach to the lifecycle management of consumer packaging and paper including its recovery, utilisation and ultimate disposal.
- It is essential to devise Australian solutions to the management of consumer packaging and paper throughout its lifecycle and the implementation of sustainable materials recovery systems and the development of sustainable markets.

The Covenant aims to improve the total environmental performance and lifecycle management of consumer packaging and paper by pursuing the following specific environmentally focused performance goals:

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.

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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.

In order to measure the achievement of each of the goals identified, specific overarching targets have been established in the following areas:

- Increase in the amount of packaging recycled
- Reduction in the amount of “non recyclable” packaging sold¹
- No increase in the amount of packaging disposed of to landfill

Key Performance Indicators (KPI's) have also been established for the Covenant. Both the targets and KPIs are contained in Schedule 2.

The overall success of the Covenant will be measured by the extent to which it meets these overarching targets and environmental goals.

To assist the Covenant's capacity to deliver on these goals and targets, the Covenant has been broadened to include :

- A requirement for specific actions and quantifiable targets in relation to key performance indicators in Covenant Signatory Action Plans.
- The expansion of recovery systems and re-use of consumer packaging and paper to include material generated away from home and in workplaces – commercial, industrial and government premises - as well as in the home.
- An increased focus on the provision of information and education to:
 - ≈ improve the environmental performance of packaging systems
 - ≈ assist the packaging supply chain and consumers to make informed choices about packaging and products
 - ≈ assist the packaging supply chain and users to make responsible choices, including design, purchasing, recycling, reuse and disposal.
- An improvement in the efficiency of good practice recovery and waste management systems, defined as the:
 - ≈ recovery and re-use of consumer packaging and related materials from kerbside collections, including drop-off systems
 - ≈ recovery of consumer packaging at public places, workplace/commercial premises, and industrial premises

¹ Relates to Target 2 and covers plastics 4-7. non-recyclable paper and cardboard packaging and all composite packaging

- ≈ recovery of consumer packaging, distribution packaging and related materials throughout the packaging supply chain
- ≈ reduction of litter and the impacts of littering of consumer packaging
- ≈ use of suitable alternatives to lightweight, single-use plastic bags.

Schedule 1 to the Covenant also outlines a number of contextual issues that are pivotal to the Covenant's success both in terms of outcomes and operating processes.

2. THE OBJECTIVE AND SCOPE OF THE COVENANT

The objective of this Covenant is to reduce environmental degradation arising from the disposal of used consumer packaging and conserve resources through:

- better product design
- increased reduction, re-use and recycling of used packaging materials
- reduced use of non-recyclable materials
- reduced amount of used packaging materials going to landfill
- reduced incidence of packaging being littered.

This objective will also be achieved through:

- a framework based on the principle of shared responsibility for the effective lifecycle management of consumer packaging and paper products including their recovery and utilisation by all stakeholders.
- a collaborative approach to ensure that the management of consumer packaging and paper throughout its lifecycle and the implementation of collection systems including kerbside recycling schemes, produces real and sustainable environmental benefits in a cost effective manner.
- a forum for regular consultation and discussion of issues and problems affecting the recovery, utilisation and disposal of consumer packaging and paper, including costs.

The Covenant applies to the lifecycle management of consumer packaging and consumer paper with the exclusion of paper that is used to publish newspapers or magazines. This sector is being addressed through a parallel industry and government national industry waste reduction agreement that broadly embraces the principles of the Covenant.

3. FORCES OF CHANGE

The signatories recognise that in recent years there have been significant developments affecting the management and disposal of used consumer packaging and paper.

The most notable of these are:

- Policy developments in the management and disposal of used consumer packaging and paper have occurred, both domestically and internationally.
- The expansion and maintenance of kerbside recycling services by Australian local governments to over 90 % of the Australian population and substantial efforts to improve their yield and cost effectiveness.
- Community awareness and concern about environmental issues, including packaging, remains high. There continues to be considerable community support for kerbside recycling services which results in an increased supply of recyclable materials.
- Recognition on the part of all governments and industry that there is a need for a nationally consistent approach to the lifecycle management of consumer packaging and paper including its recovery, re-utilisation and disposal.
- Changes in consumer demand and demographics are affecting the way products are packaged.
- Changes in packaging design and technology that are providing a wider range of packaging options as well as reducing material usage at source.
- Substantial amounts of used packaging are generated away from home (eg workplaces, shopping centres, recreation facilities, institutions) and new systems are needed to recover these.
- Increasing exposure to international competition for Australian business. The opening up of world markets has led to a substantial growth in world trade, particularly in processed and packaged foodstuffs, including imports to, and exports from, Australia.
- A growing global trade in recyclables as commodities.

These developments have underscored the need for both governments and industry to increase cost efficiency and employ world best practices. They have also raised awareness of the critical links between packaging design and its ability to be collected and recycled through various materials recovery systems.

The whole of the packaging supply chain has a role to play in efficient use of and recovery of these resources and the Covenant provides a vehicle for this. Non-signatories or "free riders" have an equal responsibility and brand owners will be required to deliver this through the NEPM.

The signatories to this Covenant also acknowledge:

- That packaging has benefits, which include the containment, preservation, protection, marketing, distribution and branding of goods as well as provision for consumer acceptance, and a communication medium for information about the product.
- That the Covenant must avoid discrimination between different forms of packaging and avoid distortion of local or international competitiveness.

- That there is an ongoing, critical need to collect and maintain reliable, comprehensive and national data on the overall environmental impact of used packaging, plus the environmental and economic costs and benefits associated with landfilling versus re-use/recycling.
- That strong community support for materials recovery requires that these schemes receive appropriate additional support from all signatories.
- That fluctuations in commodity prices paid for recyclables complicates the operation of collection systems and requires regular and close consultations between all the parties to devise solutions.
- That all parts of the packaging supply chain, consumers and governments have a role to play ensuring that packaging is developed and managed throughout its lifecycle in a way that minimizes the consumption of materials and other inputs during production and adverse environmental consequences.
- That material selection based on merit provides a sound-science based method to guide decision-making conducted in accordance with the Environmental Code of Practice for Packaging (*see Schedule 5*).
- That all parts of the packaging supply chain have a responsibility, both individually and jointly, to ensure that the community is provided with sufficient and accurate information on which to make informed purchasing choices.

4. PRODUCT STEWARDSHIP

The Covenant is based on the principle of product stewardship. This includes an ethic of shared responsibility for the lifecycle of products including the environmental impact of the product through to and including its ultimate disposal.

Consequent upon this principle, all participants in the packaging supply chain, consumers, recycling service providers, reprocessors and all levels of government, share responsibility for the environmental impacts associated with their sphere of activity.

Governments must recognise that they have a role in ensuring that legislation, policies and strategies facilitate the implementation of product stewardship.

The signatories will take action as appropriate in all relevant areas as outlined:

- **Design**

In designing packaging, careful consideration will be given to its possible effect on the environment from manufacturer to end user as well as to its recovery (including re-use and recycling) and/or final disposal. Package designers should work with all participants in the supply, use and recovery of packaging materials (from design to re-use) to ensure that waste minimisation, secondary market creation and the reduction of litter are taken into consideration.

- **Production**

Packaging will be manufactured to minimise the amount of material essential to guarantee the protection, safety and hygiene and shelf life of the product. Report on the source and generation of packaging materials.

- **Distribution**

Logistics will be designed so as to reduce material and energy consumption to optimal levels whilst maintaining product quality.

- **Disposal**

Packaging should be designed to facilitate its safe and easy disposal by consumers when it reaches the end of its lifecycle. In this context, disposal includes re-use, recycling and other forms of recovery to minimise adverse environmental impacts.

- **Research**

There is a need to conduct and facilitate research into environmental and lifecycle issues involving the supply, use and recovery of packaging materials. This research should seek, among other things, to identify new uses or markets for recovered materials that are essential for the sustainability of the recycling system. The research should also aim to reduce the amount of packaging and collect data on its use.

- **Market Development**

Expanded markets for recyclable materials are essential to the sustainability of the recycling system. Frameworks need to be established to ensure that new product development using recovered materials is accelerated and that inappropriate barriers to the marketing of products with recycled content are removed.

- **Education**

It is essential that reliable information be developed and circulated to assist consumers in making informed purchasing choices. The responsibility for establishing and financing a balanced information campaign for the general community and school students must be shared by all those in the packaging supply chain and all governments.

- **Labelling**

Accurate consumer information and labelling on packaging is important to encourage appropriate recycling and/or disposal. To this end, packaging should bear appropriate information either on the packaging itself or on the label.

- **Wholesaling and Retailing**

Contribute data on changes in packaging made in response to changes in consumer demand and assist in educating the community on the role of packaging and the best way to handle packaging waste consistent with the specific requirements of local conditions. Ensure point-of-sale, display and promotional materials are designed so as to minimise the quantity of materials used and to maximise their re-utilisation.

- **Recycling and Reprocessing**

Assist the packaging supply chain by providing data on quantities of packaging recovered and design issues affecting material recoverability. Report on the utilisation of recovered material by secondary markets and the disposal of residual packaging waste to landfill.

5. ROLES AND UNDERTAKINGS

The signatories to the Covenant agree as follows:

All Signatories will:

- Produce Action Plans, which the Covenant Council will make available to the public, in accordance with Schedule 4 for evaluating and improving environmental outcomes, as appropriate, in their production, usage, sale and/or reprocessing and recovery of packaging materials.
- Work together to achieve the overarching targets set out in Schedule 2.
- Report annually to the Covenant Council, by 31 October each year, on performance against Covenant undertakings, Action Plan commitments, relevant Key Performance Indicators, baseline data and targets.
- Adopt appropriate waste management pricing policies and provide appropriate financial and other support to optimise materials recovery systems.
- Apply the principles of this Covenant in their own operations 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
- Work co-operatively to develop good practice collection systems and to develop end markets for recovered materials.
- Facilitate the implementation of purchasing policies for recycled content goods.
- Promote the adoption of the principles and undertakings set out in this Covenant and the benefits of becoming a signatory to the Covenant.
- Co-ordinate education and promotion programs and establish a communications framework to facilitate information collation and dissemination to signatories and stakeholders.
- Facilitate the development of programs that optimise the value for recycled materials.
- Agree that where a formal industry waste reduction agreement/plan or de facto agreement exists under State or Territory legislation or policy, and meets the undertakings of the Covenant, the commitments contained in that Agreement/Plan shall not be superseded by national Action Plans under the Covenant in that State or Territory. The industry parties may, however, seek to propose that the commitments contained in an individual State or Territory-

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based Agreement/Plan be enshrined in relevant national Action Plans under the Covenant.

The Commonwealth, State, Territory and Local Governments will:

- Determine the appropriate management modelling tools to be used in the development of materials recovery strategies.
- Promote, in co-operation with industry, the provision of resource recovery community education, particularly with regard to the community's role, in good practice collection and sorting schemes.
- Co-operate in producing reliable data on a national basis on the performance of disposal and materials recovery systems dealing with used consumer packaging and paper and provide all relevant data to the Covenant Council to assist it in reporting against Covenant goals and targets.
- Identify and seek to remove barriers to the purchase of recycled content goods and services.
- Ensure that any future industry waste reduction management agreements/ plans negotiated by them and involving packaging will conform with this Covenant.
- Implement the NEPM, incorporating a regulatory safety net for those parties who decide against becoming signatories to the Covenant to ensure they do not gain a competitive advantage as a result.
- Implement the NEPM for those parties that fail to comply with Covenant requirements, as notified by the Covenant Council.
- Ensure their policy and strategic frameworks are subject to regulatory impact assessment, including environmental, economic and social analysis.
- Develop consistent and harmonious policies and systems for the management and disposal of used packaging.
- Promote, support and fund market development initiatives.
- Enforce the legislation giving effect to the NEPM in the respective jurisdiction to discourage industry "free riders".

Local Governments will:

- Implement good practice materials recovery systems.
- Apply transparency to municipal budgets and rates so that the financial aspects associated with waste disposal and kerbside collection systems are available to households and the general community.

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- As appropriate, apply variable rate charging to domestic waste collection with users charged by volume or weight for waste collected for disposal.

The Packaging Supply Chain will:

- Implement product stewardship policies and practices and contribute to the effective environmental management of packaging throughout its lifecycle.
- Continue to implement the provisions of relevant existing National and State waste reduction agreements/ plans.
- Provide financial support for kerbside and other materials recovery systems in co-operation with State and Local Governments, including the development of infrastructure for reprocessing of collected materials.
- Participate in the identification, development and implementation of good practice collection systems.
- Design packaging so that the use of materials is minimised and the incidence of excessive packaging is eliminated.
- Develop and use packaging consistent with public health and safety and environmental concerns.
- Encourage greater recognition that used packaging is a resource to be :
 - ≈ re-used and recycled in accordance with the waste hierarchy
 - ≈ converted to energy where practicable and appropriate
 - ≈ disposed of otherwise with least detrimental impact on the environment.
- Adopt and implement the Environmental Code of Practice for Packaging (*see Schedule 5*).

6. MONITORING AND REVIEW

The signatories to this Covenant recognise the need to maintain a mechanism for regular discussion, consultation and monitoring of the Covenant and materials recovery issues. They have, therefore established the following bodies:

The Covenant Council has overall responsibility for the implementation and management of the Covenant.

The Council will act as a forum to consider issues, exchange information and address any problems that arise with the Covenant itself. The Council will comprise senior representatives of signatories from Australian jurisdictions of EPHC, local government and the packaging supply chain and representatives of any other bodies agreed to by all these parties.

The Covenant Council will:

- Act as the custodian of the Covenant
- Determine and maintain a system for the registration of signatories
- Receive, register, examine and assess Action Plans in accordance with the assessment process set out in Schedule 4
- Validate and determine signatory compliance with Action Plans in accordance with the audit process set out in Schedule 4
- Implement the Compliance Enforcement Procedures in accordance with Schedule 3
- Evaluate and report annually by 31 January on:
 - ≈ achievements against Covenant goals, overarching targets and KPI's
 - ≈ issues affecting the Covenant
 - ≈ the performance of Covenant signatories
 - ≈ any other matters referred to it.
- Develop and publish annual project funding priorities
- Develop and monitor key performance indicators
- Develop and implement a communications strategy to promote the Covenant
- Establish and maintain a complaints procedure mechanism
- Develop and implement an Implementation Plan to coordinate the achievement of the Covenant goals, overarching targets and KPI's.

The Covenant Council will, as appropriate, refer matters to and receive and consider reports from the National Projects Group (formerly the Kerbside Recycling Group).

The National Projects Group will comprise representatives of Australian jurisdictions of EPHC, local government and the packaging supply chain and will report to the Covenant Council.

The National Projects Group will:

- Consider matters delegated to it by the Covenant Council
- Encourage consumer awareness and community education on material recovery schemes
- Develop specifications for materials collected
- Advise on priority areas for funding

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- Conduct project evaluation in accordance with procedures agreed on by Covenant Council
- Provide advice on how best to deal with price fluctuations
- Manage national, funded projects and generally monitor progress of all Covenant projects.

The National Projects Group will report to Covenant Council on :

- Current circumstances concerning prices paid for secondary materials
- Financial and system issues affecting materials recovery schemes
- The progress of local government in adopting good practice and measures to increase efficiency
- The scale, nature and likely future direction of the net cost to local government of kerbside recycling and other materials recovery systems
- Outcomes and progress of programs funded under the Covenant.

Both the Covenant Council and the National Projects Group will meet at least four times each year. The Chair of each Group will rotate between the respective parties on an annual basis.

The National Projects Group will, as appropriate, refer matters to and receive and consider reports from the Jurisdictional Projects Group (formerly the Jurisdictional Recycling Groups).

The Jurisdictional Projects Groups will comprise persons nominated by State and Territory governments, local government and industry stakeholder groups from signatories to the Covenant and will report to the National Projects Group.

The Jurisdictional Projects Groups will :

- Develop project proposals consistent with priority funding areas for consideration by the NPG
- Manage programs within their jurisdiction
- Participate as appropriate in national programs
- Report program progress and outcomes to the NPG on a six monthly basis
- Assist with the promotion of the Covenant and its outcomes within their jurisdiction
- Provide advice to the NPG on specific issues as requested.

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The National Packaging Covenant Industry Association is the incorporated entity established to coordinate industry's responsibilities under the Covenant, including the management of signatory funding considerations.

7. AMENDMENT

This Covenant may only be amended by agreement of EPHC and agreement of the Covenant Council.

8. VALIDITY AND COMMENCEMENT

Subject to satisfactory performance in regard to progress against its overarching targets and achieving its objectives and environmental goals as set out in Schedule 2, the Covenant / NEPM model will continue for an additional term of five (5) years commencing on 15 July 2005 and expiring on 30 June 2010.

9. EVALUATION

In addition to the annual reports provided during this period, Covenant Council will report on the findings of a comprehensive, independent evaluation of the progress of the Covenant against its overarching targets by 31 December 2008.

Should this evaluation clearly demonstrate that the Covenant / NEPM model has made satisfactory progress against its overarching targets, the EPHC will give due consideration to extending the validity of the Covenant / NEPM model for an agreed term beyond its expiry date.

However, should this evaluation clearly demonstrate that the progress of the Covenant / NEPM model against its targets is unsatisfactory, the EPHC and/or participating jurisdictions will give due consideration to the development and implementation of alternative policy options in full consultation with all stakeholders, as a replacement for the Covenant / NEPM model upon its expiry.

10. SCHEDULES TO THE COVENANT

This Covenant has seven schedules, which support and amplify its contents.

These Schedules are:

- | | |
|-------------|---|
| Schedule 1: | Implementation Context for the Covenant |
| Schedule 2: | Environmental Goals, Overarching Targets & Key Performance Indicators |
| Schedule 3: | Governance & Compliance Enforcement Procedures |
| Schedule 4: | Action Plans & Annual Reports |
| Schedule 5: | The Environmental Code of Practice for Packaging |
| Schedule 6: | Funding Arrangements |
| Schedule 7: | Retailers Code of Practice for Plastic Carry Bags |

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11. SIGNATORY COMMITMENT

The National Packaging Covenant is signed on behalf of:

Organisation: _____

Address: _____

By

Signature: _____

Name: _____

Position: _____

Date: _____

Brand names covered
by the organisation: _____

Covenant Contact Officer

Name: _____

Address: _____

Position: _____

Phone Number: _____

Email Address: _____

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COVENANT SCHEDULES

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SCHEDULE 1

IMPLEMENTATION CONTEXT FOR THE COVENANT

This Schedule outlines a number of contextual issues that are pivotal to the Covenant's success both in terms of outcomes and operating processes.

The National Packaging Covenant is specifically designed to provide a framework that includes a series of goals, targets and performance indicators for packaging supply chain signatories to demonstrate improved lifecycle management of packaging and through this to reduce its potential impacts on the environment. From its inception, the Covenant has been regarded as the primary policy instrument for the management of packaging waste subject to satisfactory environmental performance.

Current signatories to the Covenant go well beyond brand owners who can be held accountable under the NEPM and include raw material suppliers, distributors and recycling chain participants such as waste collectors, some local governments and recyclers and state, territory and national governments.

The ability of the Covenant to demonstrate the achievement of its goals, targets and performance indicators as set out in the following Schedules depends on both a continuation and strengthening of the collaboration and cooperation across all sectors, particularly with the broadened scope to tackle away from home sources of used packaging. It also depends on the collection of comprehensive, verifiable data in the production, use and end of life management of packaging.

Achieving the targets and other key performance goals

1. The targets provide an initial mechanism for encouraging all sectors to work together to deliver improved environmental outcomes in a cost effective way. This will require action by all stakeholders, underpinned by effective regulatory, market-based and public education mechanisms.
2. The mix of instruments and actions will be incorporated into an Implementation Plan for the Covenant, developed through involvement of all key players in the packaging and recycling chain, government and community. The Plan will aim to provide the most effective framework possible to facilitate natural and continuous improvement in the lifecycle of packaging.

Covenant priorities

3. It is recognised that the significant growth of the consumption of packaging 'Away From Home' (businesses, workplaces, shopping centres, institutions, venues etc.) provides the major opportunity to increase recovery of packaging for recycling. This will be the key focus for resource recovery and litter reduction initiatives under the Covenant.

4. Recognising that there may be limited opportunities to enhance the effectiveness of kerbside recycling in some areas, continued support for local government to adopt best practice kerbside systems, will be provided. The objective will be on recovering additional quantities of packaging from the domestic stream where there is additional capacity within existing system parameters, while ensuring that there are no further costs incurred by local government beyond the current system parameters.
5. The implementation of measures in a cost effective manner throughout the packaging supply and recovery chains depends on a comprehensive, verifiable database of system performance. There will be an immediate focus on the maintenance and creation of such a database.

System improvements needed to achieve Covenant targets and performance outcomes

6. Recovery and utilisation of additional quantities of post consumer packaging will require establishment of additional collection, sorting and reprocessing infrastructure.

This is likely to include substantial items such as :

- automated glass sorting plants .
- advanced commercial sorting facilities (pre-landfill MRF).
- plastics sorting facilities
- collection technologies that reduce contamination.

Facilities may take some time to establish. Assistance will be needed from governments to facilitate planning and siting of facilities in a timely manner. Support will also be needed for local sorting infrastructure development.

7. Substantial increases in recovery of post consumer packaging can only come through a substantial expansion in 'Away from Home' collection infrastructure. Collection and recycling systems will need to be established and expanded in high traffic areas (shopping centres, events etc). High volume opportunities will also need to be identified in commercial offices, government buildings, parks and gardens and strip shopping areas.

Government action to support the Covenant

8. The regulatory safety net (NEPM for Used Packaging Materials) is critical to the ability of the Covenant to deliver against its targets and performance outcomes. This will drive the full participation by brand owners in the packaging chain and will eliminate the perception that some companies are gaining market advantage and not sharing responsibility for their packaging. The Covenant Council must therefore be proactive in ensuring compliance and advising state and territory Governments of non-compliance.

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Those Governments must :

- promptly implement the NEPM in all jurisdictions and enforce the NEPM on both non-signatories and non-complying Covenant signatories; and
 - implement the small business exemption in a transparent and consistent manner
9. All Governments should support public education and awareness programs to encourage participation in expanded away from home recycling and kerbside recycling services.
 10. All Governments should encourage the development of markets for packaging recyclate including departmental use of post consumer recycled materials and products made from these where they are cost and performance competitive.
 11. Waste and recycling tenders by governments should contain economic, social and environmental criteria.
 12. Governments should review the effectiveness of current labelling laws in relation to recyclable and recycled content.

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SCHEDULE 2

ENVIRONMENTAL GOALS, OVERARCHING TARGETS AND KEY PERFORMANCE INDICATORS

This Schedule sets out the Performance Goals for the National Packaging Covenant and the Overarching Targets and Key Performance Indicators (KPIs) that will be used to analyse and report on the effectiveness of the Covenant.

Industry, Commonwealth, State and Local Governments will all contribute specific data that will be aggregated to provide an overall Covenant Performance Report on an annual basis. Some of the data is already required under the NEPM eg. annual recyclables collection data, data from surveys of brand owners represented in recycling collections and data required of non-signatories operating independent recovery/recycling systems.

The remainder will be required as an obligation of signatories to the National Packaging Covenant. Failure to provide the required data will be deemed one of the triggers for non-compliance with requirements of the Covenant.

The data collected will also be used to:

- Evaluate and report on the performance of various parts of the packaging lifecycle chain including elements of the packaging supply chain, recovery networks and consumer behaviour
- Enable individual signatories to establish their own performance baseline and monitor improvement against this
- Facilitate overall benchmarking.

Specific performance goals of the Covenant

The objective of the Covenant is to reduce environmental degradation arising from the disposal of used packaging and conserve resources through better product design and production and the re-use and recycling of used packaging materials. Covenant performance against this objective will be assessed by reference to four specific Performance Goals that encompass environmental, social and economic performance.

Covenant Performance Goals

The Goals set out below address specific environmental, social and economic goals.

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.

OVERARCHING TARGETS

Overarching targets have been developed to provide a way to measure performance in key areas which will be able to clearly demonstrate whether the Covenant is meeting its goals and contributing to better lifecycle management of packaging. All Signatories to the Covenant will work together to deliver these targets.

Target 1: Increased recycling of post consumer packaging

Signatories will work together to increase the amount of post consumer packaging recycled from its current rate of 48% (2003 baseline data) to 65% by 2010.

Packaging made from specific materials will make a contribution to the overarching target as follows:

- 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%)

Target 2: Non Recyclable Packaging

Industry signatories will work to increase the recycling of some specific materials that are currently either not recycled or recycled at very low rates due to their design, lack

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of collection/processing infrastructure or lack of markets. These materials are plastics coded (4) to (7), non –recyclable paper and cardboard packaging.

The recycling of packaging manufactured using these materials will be increased from the existing 10% recycling rate (2003 baseline data) to 25% by 2010.

Composite packaging is another packaging type with very low recovery rates. No baseline data is currently available for composites and the applicability of the 25% target to these materials will be considered following analysis of baseline data at the end of 2006.

Target 3: Packaging to Landfill

It is recognized that through increased consumption and population growth the amount of packaging disposed of to landfill could still increase substantially.

To address this, a target has been established of no new packaging to landfill (against 2003 baseline data). This means that any additional packaging will need to be recovered for recycling and not disposed of to landfill.

KEY PERFORMANCE INDICATORS

Specific actions and performance measures have also been developed to assist with reporting of the targets and other elements which are critical in demonstrating the outcomes being delivered by the Covenant. Actions, key performance indicators (KPIs) and the goals to which they relate are summarised below and further detail is provided in the tables that follow.

Existing signatories will have to establish their own specific base line data by 31 October 2006 that will enable them to refine their individual performance goals and milestones set out in their Action Plan. New signatories to the Covenant will have to establish their own specific base line data and performance goals and submit them with their first Action Plan.

Other aggregated baseline data will also be established to measure broader system and sector performance.

Summary of KPI's used to measure the Covenant goals:

1. Packaging optimised to integrate considerations about resource efficiency, maximum resource re-utilisation, product protection, safety and hygiene

KPI's and other proposed reporting processes in the Covenant will enable measurement of:

- Changes in the total weight of consumer packaging and the total weight of products packaged in the Australian market.
- Changes in the amount of energy and water used to produce packaging, by material type.
- Improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.
- Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting the amount & type of packaging used.
- Changes in the average post-consumer recycled content in packaging manufactured.
- Changes in the total weight, by type, of “ non-recyclable” packaging in the Australian market.
- Changes in the total amount of consumer packaging disposed to landfill.
- The amount of consumer packaging in the total waste stream and its relativity to other waste stream components.

2. Efficient resource recovery systems for consumer packaging and paper

KPI's and other proposed reporting processes in the Covenant will enable measurement of:

- Changes in the total weight of consumer packaging recycled, through domestic and away from home recovery systems.
- The total weight of recycled consumer packaging sold to end-users.
- The number of Councils operating according to good practice collection principles and state-based benchmarks.
- The percentage of households with access to kerbside collection systems.
- The percentage of households with access to other domestic collection systems.

- The number of commercial and industrial premises with packaging recycling collection systems.
- The percentage of Councils and government agencies providing public place recycling infrastructure.
- The percentage of signatories providing recycling collection facilities for post-consumer packaging generated on-site.

3. Consumers able to make informed decisions about consumption, use and disposal of packaging of products

KPI's and other proposed reporting processes in the Covenant will enable measurement of:

- The amount and type of consumer packaging in the litter stream.
- The level of contamination rates in consumer packaging recovery systems.
- Improvements in consumer knowledge about the functional attributes of packaging, including recyclability / reuse.
- Improvements in littering behaviour.

4. Supply chain members and other signatories are required to demonstrate how their actions contribute to the Covenant Performance Goals (1-3).

KPI's and other proposed reporting processes in the Covenant will enable measurement of:

- The number of signatories adopting the Environmental Code of Practice and systems for its implementation described in Action Plans.
- Reporting on the number signatories not meeting their obligations under the Covenant and the implementation of the NEPM by jurisdictions.
- Adoption and application of "Buy Recycled" policies or practices.

5. All signatories demonstrate continuous improvement in their management of packaging through their individual Action Plans and Annual Reports.

Continuous improvement in the management of packaging will be demonstrated by all signatories through the processes of establishing baseline performance data, annual reporting against Action Plans, improvements against Action Plan targets and achievement of goals and milestones.

Individual company data set

Each Company signatory to the Covenant will be required to report annually on the following KPI's. They are a subset of the KPI's set out in Table 1, and will assist the company to establish its own baseline data as well as provide data for aggregation in a report on the overall performance of the Covenant. Further detail is provided in Table 1, including units of measurement. Commercial in confidence concerns will be addressed through the aggregation process.

Signatories' first comprehensive baseline data set against the KPIs must be reported to Covenant Council through the annual report due on 31 October 2006. Any available estimates of baseline data against the KPIs should also be reported in annual reports due on 31 October 2005. Further details about these requirements are set out in Schedule 4.

- Total weight of consumer packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged.
- Resources (energy & water) used to produce packaging.
- Improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.
- Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount & type of packaging.
- Average % per annum, of post-consumer recycled content in packaging manufactured
- Total weight, by type, of "non-recyclable"² packaging sold per annum into the Australian market.
- Implementation of Buy Recycled purchasing policy or practices.
- Signatories providing recycling collection facilities for post-consumer packaging generated on-site.
- Amounts of on-site packaging respectively recycled and disposed of to landfill.
- Adoption of the ECoPP and development of systems for its implementation.
- Establishment of baseline performance data
- Annual Reporting against Action Plan.
- Demonstrated improvement and achievements of milestones in Action Plan.
- Provision of consumer information to enable more informed behaviour

² Relates to Target # 2; covers Plastics 4 – 7, Non-recyclable paper and cardboard packaging and all composite packaging.

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The NEPM is the regulatory safety net component of this co-regulatory model for packaging and requires similar data reporting from companies that are not signatories to the Covenant. The NEPM also requires reporting of kerbside and disposal data by all Local Governments.

National Packaging Covenant Council Reporting

In order to maximise the Covenant participation rate across the packaging supply chain, the Covenant Council will report on management of the Covenant in the following key areas:

- The number of Covenant signatories in each sector
- The Signatory market share in each major sector
- The number of non-complying signatories referred to jurisdictions
- The number of non-complying signatories against whom action is taken by jurisdictions.

The Covenant Council will develop a nationally consistent data collection methodology and key indicators to measure performance against the KPIs and Covenant Goals.

Data collection & reporting methodology will be developed and implemented by relevant signatories for each of the KPIs

The Covenant Council will provide an effective forum for consultation and discussion of Covenant issues

Council will regularly report on:

- Application of Covenant funds and outcomes of projects
- Achievements in meeting Covenant objectives
- Council meetings and recommendations

The Covenant Council will publish an Annual Report each January which must include but not be limited to:

- Progress against overarching targets
- Performance against all KPIs, and Covenant Goals and management of the Covenant
- Application of Covenant funds and outcomes of projects
- Achievements in meeting Covenant objectives
- Number of system/strategic issues resolved/being addressed

Table 1: Specific Actions and KPI's

In order to measure progress in achieving the specific Covenant Performance Goals and targets, specific actions and key performance indicators are required. Covenant Council will use the following suite of Key Performance Indicators in reporting on Covenant effectiveness. KPI's specific to company signatories are set out above (see Individual Company Data set (p.33)).

ENVIRONMENTAL PERFORMANCE GOALS & KEY ACTIONS	KEY PERFORMANCE INDICATORS	RESPONSIBLE FOR SPECIFIC DATA COLLECTION AND REPORTING	UNIT OF MEASURE
GOAL 1 - PACKAGING OPTIMISED TO INTEGRATE CONSIDERATIONS ABOUT RESOURCE EFFICIENCY, MAXIMUM RESOURCE RE-UTLIISATION, PRODUCT PROTECTION, SAFETY AND HYGIENE.			
<ul style="list-style-type: none"> ▪ <i>Packaging designed, manufactured, distributed and marketed to minimise the amount of material and other resources essential to guarantee the protection, safety, hygiene and shelf-life of the product.</i> 	1. Total weight of consumer packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged.	Individual brand owners.	Tonnes of packaging by material type. Tonnes of product packaged. Ratio of product to packaging (by weight).
	2. Resources used to produce packaging, by material type: - energy (megajoules). - water (kilolitres).	Individual packaging manufacturers.	Per tonne, by material type produced.

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ENVIRONMENTAL PERFORMANCE GOALS & KEY ACTIONS	KEY PERFORMANCE INDICATORS	RESPONSIBLE FOR SPECIFIC DATA COLLECTION AND REPORTING	UNIT OF MEASURE
	<p>3. Improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.</p> <p>4. Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount & type of packaging.</p>	<p>Packaging Supply Chain.</p> <p>Packaging Supply Chain.</p>	<p>Describe key improvements & impacts.</p> <p>Describe key changes & impacts.</p>
<ul style="list-style-type: none"> ▪ <i>Packaging designed and manufactured to optimise the amount of post-consumer recycled content.</i> 	5. Average % per annum, of post-consumer recycled content in packaging manufactured ³	Individual packaging manufacturers.	%, by material type.
<ul style="list-style-type: none"> ▪ <i>Packaging designed and manufactured to optimise its recoverability through collection systems including kerbside recycling schemes.</i> 	<p>6. Total weight, by type, of " non-recyclable"⁴ packaging sold per annum into the Australian market.</p> <p>7. Total weight of consumer packaging disposed to landfill.</p>	<p>Individual brand owners.</p> <p>NPCC.</p>	<p>Tonnes, by type.</p> <p>% of total packaging sold.</p> <p>Tonnes, by material type.</p>

³ It is recognized that packaging products will only be one of a number of potential markets for recycle

⁴ Relates to Target # 2; covers Plastics 4 – 7, Non-recyclable paper and cardboard packaging and all composite packaging.

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ENVIRONMENTAL PERFORMANCE GOALS & KEY ACTIONS	KEY PERFORMANCE INDICATORS	RESPONSIBLE FOR SPECIFIC DATA COLLECTION AND REPORTING	UNIT OF MEASURE
	8. Consumer packaging as a % by weight of total waste and relative to other waste stream components.	State, Territory & Local governments.	%.
GOAL 2 - EFFICIENT RESOURCE RECOVERY SYSTEMS FOR CONSUMER PACKAGING AND PAPER			
<ul style="list-style-type: none"> ▪ <i>Secondary market creation supported for recovered packaging material.</i> 	9. Total weight of consumer packaging recycled, through: (a) Domestic and (b) Away from Home recovery systems respectively.	Local governments and Individual recyclers & reprocessors.	Tonnes, by material type and recovery system.
	10. Total weight of recycled consumer packaging sold to end-users.	Individual recyclers & reprocessors.	Tonnes, by material type & market.
<ul style="list-style-type: none"> ▪ <i>Develop, monitor and implement good practice for collection and recovery systems for packaging and litter management.</i> 	11. Number of Councils operating according to good practice collection principles and state-based benchmarks.	State, Territory and Local Government.	% of councils.
<ul style="list-style-type: none"> ▪ <i>Provision of Collection Services for post consumer packaging and paper.</i> 	12. Percentage of households with access to kerbside collection systems.	Local Government.	% total HH.
	13. Percentage of households with access to other domestic collection systems.	Local government.	% total HH.
	14. Number of commercial and industrial premises with packaging recycling collection systems.	NPCC.	% by premise type.

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ENVIRONMENTAL PERFORMANCE GOALS & KEY ACTIONS	KEY PERFORMANCE INDICATORS	RESPONSIBLE FOR SPECIFIC DATA COLLECTION AND REPORTING	UNIT OF MEASURE
	15. Percentage of Councils and government agencies providing public place recycling infrastructure.	Aust. Government, state, territory and local governments.	% of agencies & councils.
	16. Percentage of signatories providing recycling collection facilities for post-consumer packaging generated on-site.	All Signatories.	% of total signatories.
GOAL 3 – CONSUMERS ABLE TO MAKE INFORMED DECISIONS ABOUT CONSUMPTION, USE AND DISPOSAL OF PACKAGING OF PRODUCTS.			
▪ <i>Minimise hazards associated with disposal.</i>	17. Amount and type of consumer packaging in the litter stream.	State & Territory governments.	Tonnes & Composition.
▪ <i>Change in consumer behaviour (purchase, use, disposal).</i>	18. Contamination rates in consumer packaging recovery systems (eg. kerbside, events, venues, public places, workplaces).	State, Territory & Local governments, recycling service providers, reprocessors.	% contamination by system type.
	19. Improvements in consumer knowledge about the functional attributes of packaging, including recyclability / reuse.	National Projects Group.	Changes in knowledge.
	20. Improvements in littering behaviour.	Local, state and territory governments, NPCIA.	Changes in behaviour.

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ENVIRONMENTAL PERFORMANCE GOALS & KEY ACTIONS	KEY PERFORMANCE INDICATORS	RESPONSIBLE FOR SPECIFIC DATA COLLECTION AND REPORTING	UNIT OF MEASURE
GOAL 4 – SUPPLY CHAIN MEMBERS AND OTHER SIGNATORIES ABLE TO DEMONSTRATE HOW THEIR ACTIONS CONTRIBUTE TO GOALS (1)-(3) ABOVE.			
<ul style="list-style-type: none"> Increased recycling of used packaging. 	21. Estimated tonnage of consumer packaging recycled and sent to landfill respectively, from on-site collection facilities.	All Signatories.	Tonnes Disposed & Tonnes Recycled
<ul style="list-style-type: none"> <i>Adoption of Environmental Code of Practice for Packaging (ECoPP).</i> 	22. Number of signatories who have formally adopted the ECoPP and developed systems for its implementation.	NPCC.	% of relevant signatories.
<ul style="list-style-type: none"> <i>Implementation of the regulatory “safety net”.</i> 	23. Application of Covenant compliance procedures by NPCC to identify non-complying signatories. 24. Implementation of NEPM procedures by jurisdictions.	NPCC. State & Territory governments.	No. signatories determined non-compliant. No. potential “free-riders” contacted.
	25. Enforcement of the NEPM to “free-riders” and non-complying Covenant signatories.	State & Territory governments.	No. of formal enforcement actions taken.
<ul style="list-style-type: none"> <i>Secondary market creation supported for recovered packaging material.</i> 	26. Implementation of Buy Recycled purchasing policy or practices.	All Signatories.	Y / N With examples.

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ENVIRONMENTAL PERFORMANCE GOALS & KEY ACTIONS	KEY PERFORMANCE INDICATORS	RESPONSIBLE FOR SPECIFIC DATA COLLECTION AND REPORTING	UNIT OF MEASURE
GOAL 5 – ALL SIGNATORIES DEMONSTRATE CONTINUOUS IMPROVEMENT IN THEIR MANAGEMENT OF PACKAGING THROUGH THEIR INDIVIDUAL ACTION PLANS AND ANNUAL REPORTS.			
<ul style="list-style-type: none"> Continuous improvement demonstrated against baseline data and all relevant KPIs 	27. Establishment of baseline performance data.	All signatories.	Yes / No.
	28. Annual Reporting against Action Plan.	All signatories.	Action Plan with baseline data and milestones.
	29. Demonstrating improvement and achievements against individual targets & milestones.	All signatories.	Annual reporting against Action Plans and milestones.

Data collection and reporting methodologies

Data collection, reporting methodologies and templates have been developed and provided to all relevant parties to ensure that the data collected is robust and that it is reported consistently. These are available on Covenant related websites and will be sent to individual signatories by the NPCC administration team.

These methodologies and templates have been developed based on the following underlying principles:

- minimal additional cost to signatories
- recognition of commercial in confidence issues
- designed for efficient aggregation
- designed to enable individual signatories to gain useful data which will guide decision making and improved performance.

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SCHEDULE 3

GOVERNANCE and COMPLIANCE ENFORCEMENT PROCEDURES

This Schedule sets out Governance guidelines and Compliance procedures for the term of the National Packaging Covenant over the next five years to 2010.

GOVERNANCE GUIDELINES

The Monitoring and Review section of the core Covenant document outlines the administrative bodies responsible for the implementation and management of the Covenant.

National Packaging Covenant Council (NPCC)

The Council is the custodian and governing body of the Covenant.

Its responsibility is to set the overall policy, direction and guidelines for the operation of the Covenant and is the ultimate authority and decision maker. In delegating its responsibilities, the Council provides clear directions and guidelines as to how those responsibilities will be exercised consistently on a national basis.

Council membership will be drawn from Covenant signatories, representing Australian governments, local governments and industry together with representatives of any other bodies as agreed to by all these parties. Council meets at least four times a year, with the Chair rotating annually between all signatory sectors. All Council decisions are reached by consensus.

The National Packaging Covenant Council will operate according to the complete Rules of Procedure which is available on the NPC website.

National Projects Group (NPG)

The NPG is comprised of representatives nominated equally by State and Territory governments, local government and industry stakeholder groups from signatories to the Covenant. The NPG will work within the context, directions and criteria agreed by the Covenant Council. It will receive project applications and reports from Jurisdictions, stakeholder groups or generate projects itself and assess them for compliance with Covenant principles and funding criteria. It will also identify, develop and manage national or collaborative projects thus avoiding possible duplication.

NPG membership will be drawn from Covenant signatories. The NPG meets at least four times a year, with the Chair rotating annually between all signatory sectors. All decisions are reached by consensus.

The complete Operational Arrangements for the National Projects Group is available on the NPC website.

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Jurisdictional Projects Groups (JPGs)

JPGs are comprised of persons nominated by State and Territory governments, local government and industry stakeholder groups from signatories to the Covenant. Where a nomination on this basis is not possible, nominations can be drawn from potential signatories as observers or specialist advisors and they must have the skills, experience and commitment to the NPC to achieve its goals.

JPG's will work within the context, directions and criteria agreed by the Covenant Council and will cooperate across jurisdictions to prevent project duplication and propose national or collaborative projects. All decisions are reached by consensus.

The complete Operational Arrangements for the Jurisdictional Project Groups is available on the NPC website.

National Packaging Covenant Industry Association (NPCIA)

The NPCIA is the incorporated entity established to coordinate industry's responsibilities under the Covenant, including the management of signatory funding contributions.

COMPLIANCE ENFORCEMENT PROCEDURES

The following compliance procedures have been developed by the National Packaging Covenant Council to provide a transparent process to determine when a signatory is no longer complying with the spirit of the Covenant, and to bring those non-complying signatories to the attention of the relevant State or Territory for possible action under the NEPM.

These compliance procedures will apply to any “Covenant requirement”. For the purposes of the procedures “Covenant requirement” means any one or more of the following :

- Submission of signatory data in accordance with the KPIs set out in Schedule 2.
- Submission of an Action Plan that complies with the terms of the Covenant. A term of the Covenant includes any requirement of the Covenant Council intended to ensure compliance.
- Submission of an Annual Report that complies with the terms of the Covenant. A term of the Covenant includes any requirement of the Covenant Council intended to ensure compliance.
- Submission of a contribution to the Industry Funding Arrangements under the terms of the Covenant. (The compliance process will start at Step 3 in relation to contributions).
- Submission of payment for an audit of an Action Plan or Annual Report under Schedule 4.

Step 1 – Notification letter

The Covenant Council (or its officers) will notify a signatory of its need to meet a Covenant requirement and require compliance within 30 days.

Step 2 - Follow-up letter

If a signatory fails to reply or does not give an adequate response, the Covenant Council (or its officers) will remind the signatory of its obligations and request satisfactory compliance within 30 days.

Step 3 – ‘Show cause’ letter

The letter is sent from the Covenant CEO advising non-compliance and requesting signatories to show ‘just cause’ for why they should not be deemed non-compliant with their Covenant obligations. A response is required within 30 days.

Step 4 – Non-compliance letter

If a satisfactory response is not received, then the signatory is referred to Covenant Council for compliance determination.

If agreed by Council then a formal letter confirming non-compliance is sent to both the relevant jurisdiction and the affected signatory.

Step 5 – Jurisdictional Action

Once a formal non-compliance letter has been issued, the Covenant Council (or its officers) will refer the non-complying brand owner to the relevant State or Territory for compliance with its NEPM legislation.

Funding Contributions

Industry signatories are required to contribute to the Industry Fund. The NPC Industry Association invoices signatories for the appropriate contribution to be paid within an agreed timeframe.

The NPC Industry Association will advise the Covenant Secretariat of signatories that are non-compliant with their contribution commitments. The compliance process will begin at Step 3 in relation to Industry contributions.

Withdrawal from the Covenant

Signatories wishing to withdraw from the Covenant must do so formally in writing to the NPCC Chair.

The NPCC will consider the request and any other pertinent information available and provide advice to both the signatory and the relevant jurisdiction.

Non-Signatories (“Free Riders”)

The NEPM is given effect by separate regulatory measures in each jurisdiction to ensure Covenant industry signatories are not exposed to unfair competition from brand owners who choose not to sign the Covenant. These non-signatories can be identified in one of several ways :

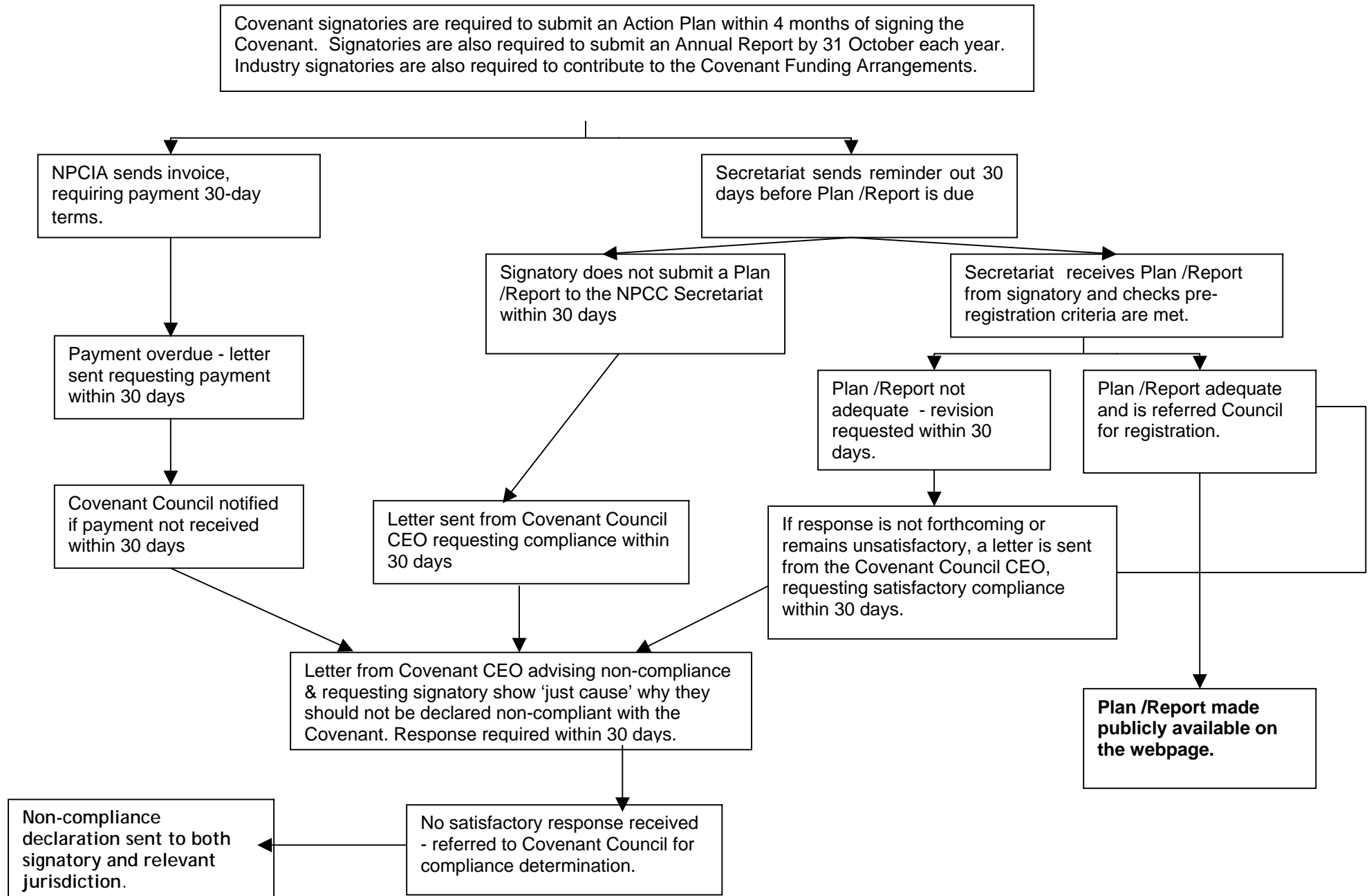
- By an industry third party.
- Through jurisdictional litter, waste & retail audits.
- By the Covenant Council.
- By any other stakeholder.

Once identified, the brand owner will be referred to the relevant jurisdiction for follow up. The jurisdiction will encourage the brand owner to :

- Become a signatory and comply with the obligations of the Covenant; or
- Take the option of remaining a non-signatory and be regulated under the NEPM legislation of the relevant jurisdiction (as per Step 6).

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COMPLIANCE PROCESS FLOW CHART



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SCHEDULE 4

ACTION PLANS & ANNUAL REPORTS

These guidelines are intended to facilitate development of Action Plans and Annual Reports as required by the National Packaging Covenant.

An **Action Plan** sets out how a signatory to the Covenant proposes to implement and measure its actions and commitments under the Covenant and should have a duration of at least three years. Actions will address the Environmental Goals and Key Performance Indicators outlined in Schedule 2.

An **Annual Report** provides relevant data and information to demonstrate measured performance against specific actions, commitments and continuous improvement targets in the Action Plan.

Duration and types of Plans

Action Plans of at least three years duration are encouraged from signatories, however, there is flexibility to tailor the duration if individual needs require this. Signatories can submit individual Plans. The Covenant Council has developed a template with specific content requirements to assist signatories with the preparation and submission of Action Plans and an electronic version is available on the NPC website.

Signatories have the option of submitting combined or joint Action Plans, for example, an industry association and/or group of companies, or local governments. Joint Plans must identify actions to be undertaken jointly by signatories as well as specifying actions to be taken by individuals. Alternatively, signatories may combine part of their Covenant actions under a joint plan and submit individual plans for the remainder of their actions.

If there is a change of circumstances eg. acquisition, divestment etc., it is recommended that a revised plan be submitted. Signatories have the option of submitting a revised plan at any time, but the requirements for relevant continuous improvement targets, Key Performance Indicators and reporting timelines remain unchanged

Content and Timing of Action Plans

Signatories who re-sign this Covenant and new signatories signing at the commencement of this Covenant, are required to submit a new Action Plan (for the next 3-5 years) by 30 November 2005. If appropriate, a revised action plan, that takes into account findings from the establishment of baseline data against the KPIs, may be submitted by no later than 30 November 2006.

Thereafter, any new Covenant signatories are required to submit an Action Plan within 4 months of signing the Covenant, but will still be required to report in line with the standard Covenant reporting timelines (*see Page 50*).

As the Covenant imposes obligations on all spheres of government as well as companies in the packaging supply chain, these guidelines cannot cover all the possible circumstances of all these organisations. The range of consumer packaging materials to be addressed in Action Plans should include in-house and distribution packaging (secondary and tertiary) and packaging-related aspects of litter.

It is recognized that the particular actions set out in Action Plans will vary between different signatories depending on the sector and the specific role and functions of each Covenant signatory, however each Action Plan must include :

- Information about the signatory, including a description of where they reside in the packaging supply chain, any brand names owned, a summary of their size (measured in turnover or market share), their location and full contact details for an appointed Covenant officer.
- Specific actions that will be undertaken to improve environmental and waste minimisation aspects of the production, use, sale and/or reprocessing and recovery of packaging materials, including specific actions that will contribute to the environmental goals and targets of the Covenant.
- Identification of the specific Key Performance Indicators (*see Schedule 2*) and the appropriate baseline data and targets that will be included and reported against in subsequent annual reports.
- The processes and nomination of responsibility for data collection and reporting.
- The commitments, resources and arrangements that will be put in place to address all Covenant undertakings relevant to the signatory.

Industry signatories must also :

- provide data for each element of the Company Data Set as per Schedule 2.
- demonstrate clear evidence of the adoption and implementation of the Environmental Code of Practice for Packaging (*see Schedule 5*).
- report on and explain significant changes to packaging affecting weight, compound or materials, eg. Shelf life, cost, technology, environmental benefits, OH&S issues.

Following are some of the actions that signatories will, as appropriate, also include in their Action Plan to demonstrate compliance with the principles and undertakings contained in the Covenant. The list below is not exhaustive and signatories should address any other issues they consider to be relevant to their Covenant performance.

Signatories will:

- Develop or review material specifications for the use of recycled materials
- Divert resources from landfill
- Implement good practice collection principles and service models
- Contribute to research and development into product design to optimise resource efficiency and materials recovery
- Address issues of packaging related litter
- Support the development of markets for the use of recovered and recycled materials
- Contribute to improved consumer decision-making relating to the areas of consumption, value, use and disposal of packaging
- Undertake education and community awareness programs
- Participate in the collection of relevant National data.
- Implement alterations to logistics systems in order to reduce environmental impact
- Include activities to promote support for the Covenant objectives among non-signatories.

Content and Timing of Annual Reports

All signatories must report against relevant Key Performance Indicators, baseline data, individual performance goals and all other commitments outlined in their Action Plans.

Annual Reports are to cover the period July to the end of June, or other consistent 12 month period, and must be submitted by 31 October each year.

The Covenant Council has developed a template with specific content requirements to assist signatories with the preparation and submission of Annual Reports and an electronic version is available on the NPC website.

All Action Plans and Annual Reports must be endorsed at Chief Executive Officer or local equivalent level.

Validation and Assessment

To ensure that Action Plans appropriately reflect the relevant undertakings set out in Sections 4 and 5 (Product Stewardship and Roles & Undertakings) of the Covenant, the Covenant Council may :

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- Assess Action Plans and Annual Reports when initially received.
- Review Action Plans and Annual Reports at any time.
- Audit Action Plans and Annual reports at any time.

When doing so, the following procedures will be adopted.

1. Initial Assessment

Signatories who re-sign this Covenant and new signatories signing at the commencement of this Covenant, are required to submit an Action Plan by 30 November 2005.

Thereafter, any new Covenant signatories are required to submit an Action Plan (for at least 3 years duration) within 4 months of signing the Covenant. The timing for submission of Annual Reports will be advised to signatories when they receive confirmation of the registration of their Action Plan.

The Covenant Council Secretariat will send reminder letters 30 days before an Action Plan or Annual Report is due. Action Plans and Annual Reports (including the company data set) will be assessed against standard pre-registration assessment criteria developed by the Covenant Council.

Action Plans and Annual Reports that, in the opinion of Covenant Council, do not satisfactorily meet the assessment criteria or do not contain the relevant information will be returned to the signatory for revision. If a signatory does not adequately revise a document, the compliance procedures in Schedule 3 will apply. Action Plans and Annual Reports satisfying the assessment criteria will be forwarded to Covenant Council for formal acknowledgement and registration, prior to being made publicly available.

2. Review of Action Plans and Annual Reports

The Covenant Council may also review Action Plans or Annual Reports more closely to determine whether they adequately address the undertakings in the Covenant.

Review will occur:

- on a random basis
- in response to information supplied in writing by third parties
- on the Covenant Council's own initiative.

Where the review is to be carried out in response to third party information, the Covenant Council must be satisfied there are reasonable grounds to believe the Action Plan or Annual Report does not meet Covenant requirements.

If, after a review has been carried out, the Covenant Council considers that the Action Plan or Annual Report may not adequately address the signatory's undertakings in the Covenant, the signatory will be advised in writing of that decision with reasons.

The Covenant Council may require a signatory to take certain actions to address issues identified in the review. If a signatory does not adequately revise any document, the compliance procedures in Schedule 3 will apply.

3. Audit of Action Plans and Annual Reports

All signatories are required to maintain records to enable them to demonstrate, on request by the Covenant Council, that they are meeting their Covenant obligations as outlined in their Action Plans and Annual Reports. They are also required to collect and report data (*the company data set outlined in Schedule 2*).

The Covenant Council may carry out audits of signatories to determine compliance with the Covenant and/or with Action Plans. Audits may also be carried out to verify data in an Action Plan or Annual Report in accordance with the audit process set out in this Schedule.

Audits will occur:

- on a random basis
- in response to information supplied in writing by third parties
- on the Covenant Council's own initiative.

Where the audit is to be carried out in response to third party information, the Covenant Council must be satisfied that there are reasonable grounds to believe that the signatory is not meeting its commitments.

A qualified, independent auditor drawn from a list maintained by the Covenant Council shall carry out all audits. Audits should be completed within 30 days of commencement except in unusual circumstances.

The costs of an independent audit will be borne by the Covenant Council, except where the audit reveals that a signatory is not meeting its commitments under the Covenant then the costs will be borne by the signatory. Where a signatory fails to meet the costs of an audit, the compliance procedures set out in Schedule 3 will apply.

A signatory will be given 14 days notice of a proposed audit and advised of the reason for the audit. If the audit process is triggered by third party information, the signatory will be notified of the nature of the information and invited to respond. The Covenant Council must consider the response before determining whether to appoint an auditor.

A signatory will be advised by Covenant Council of the results of an audit within 14 days. If Covenant Council is satisfied that the signatory has failed to meet its Covenant or Action Plan obligations and commitments, the signatory will be advised of this. The Covenant Council may require a signatory to take certain actions to address issues

identified in the audit. The Council may determine any timeframes and requirements. If a signatory does not comply with any Covenant Council requirements, the compliance procedures in Schedule 3 will apply.

Public Disclosure

Once registered, all Action Plans & Annual Reports are public documents and will be placed on the Covenant website to demonstrate the Covenant Council's desire for signatories to be as transparent and accountable as possible. Should a signatory believe that their Action Plan or Annual Report contains information that is confidential or commercially sensitive, they will need to seek formal approval from the NPC Chief Executive Officer to exclude the relevant sections from public disclosure at the time of submission.

If the Covenant Council agrees that information contained in an Action Plan or Annual Report is confidential or commercially sensitive, the Covenant Council may notify the signatory that the signatory must provide an amended version of the Action Plan or Annual Report for public disclosure.

It should be noted in order to build an overall picture of Covenant effectiveness, signatories will be required to provide specific data. It is recognised that issues such as commercial in confidence exist and the use of aggregated data reporting should overcome these concerns.

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SCHEDULE 5

**ENVIRONMENTAL CODE of PRACTICE for PACKAGING
&
ENVIRONMENTAL GUIDELINES for PACKAGING**

This code is supported by:

- The Australian Food and Grocery Council
- The Australian Retailers Association
- The Australian Industry Group
- The Beverage Industry Environment Group
- The Packaging Council of Australia
- The Plastics and Chemicals Industries Association

The Environmental Code of Practice for Packaging (The Code) is designed to provide companies with guidelines to help evaluate the environmental impact of new and existing packaging. The Code is a statement of general principles for the design of environmentally responsible packaging. The more detailed Environmental Guidelines for Packaging (Guidelines) have been produced to assist companies to implement the principles of the Code in their product development process.

The bodies involved in preparing this Code recognise the vital role packaging plays in modern society by ensuring that products are protected and preserved, waste minimised and quality, health and safety are assured. Packaging is also an integral element of retail self-service and stock security.

Part A – Environmental Code of Practice for Packaging

1.0 Introduction

This Environmental Code of Practice for Packaging (the Code) promotes excellence in packaging as defined by two fundamental and equally important principles. Packaging should be designed to have the minimum net impact on the environment, specifically in term of waste, water, energy and emissions, while also fully preserving the integrity of the product it contains.

The Code recognises the valuable contribution that packaging makes to the economic and social well-being of Australians, for example by providing convenient, safe and cost-efficient delivery of product to consumers. It also helps to minimise waste in the supply chain by protecting products from damage and increasing the shelf-life of perishable products. Packaging also plays a role in assisting producers to give consumers information about their products.

The Code acknowledges that packaging also contributes to negative environmental impacts including consumption of resources, waste and generation of litter. In applying this Code, reference to minimising environmental impacts refers to minimising negative environmental impacts such as these whilst maximising environmental benefits.

Previous Codes have been in effect in Australia since the early 1990's and became integrated with the National Packaging Covenant (the Covenant) in 1999. Revisions to the Covenant in 2005 (Covenant Mark II) have led to this upgraded version of the Code.

Furthermore, the signatories to the Covenant have committed to the achievement of overarching targets relating to waste reduction and increased recycling, and recognise the importance of designing packaging that conforms with the Code. Within the voluntary framework established by the Covenant, it is essential that Covenant signatories fully consider the Covenant's overarching targets when selecting packaging or packaged goods. This includes identifying the implications of packaging choices on the overarching Covenant targets and taking appropriate actions to assist in achieving those targets.

The Code is a statement of general principles for the design of environmentally responsible packaging. The more detailed Environmental Guidelines for Packaging (Guidelines) have been produced to assist companies to implement the principles of the Code in their product development process. The Guidelines will also assist companies to demonstrate that they have implemented the Code.

2.0 Scope

The Code and Guidelines apply to the packaging of all products manufactured or consumed in Australia. The Code is an integral part of the Covenant; however the Code and Guidelines are also a tool intended to assist organisations that are non-signatories

to the Covenant to minimise the environmental impacts of their packaging. The purpose of the Code and Guidelines is to demonstrate environmental stewardship in packaging design and selection. Its application will be via packaging designers and manufacturers, brand owners, retail buyers and product importers.

Existing and future relevant standards and legislation maintain their jurisdiction and status and should be adhered to in conjunction with the Code and Guidelines.

3.0 Objectives

The Code and Guidelines are intended to guide the packaging supply and recovery chains in minimising overall life cycle environmental impacts of packaging and packaged products, and achieving the overarching targets as set out in the Covenant (see *Schedule 2*). Accordingly, the objectives of the Code and Guidelines are to:

1. Protect and deliver goods efficiently with the minimum environmental impact.
2. Use resources (including materials and energy) more efficiently.
3. Reduce the amount of waste and litter generated by packaging through facilitating reuse or recycling.
4. Minimise negative impacts of packaging and packaged products on humans and the natural environment.
5. Ensure effective and clearly documented practices are in place to address environmental concerns in the product development and review process for packaging and packaged products.

More broadly, the Code and Guidelines should be seen as tools for the design and manufacture of innovative packaging that meets the sometimes conflicting demands of the market, consumer protection and the environment.

4.0 Definitions

CEN means the European Committee for Standardisation.

“Code” means the Environmental Code of Practice for Packaging.

“consumer packaging” means all packaging products made of any material, or combination of materials, for the containment, protection, marketing or handling of retail consumer products. This also includes distribution packaging (*see below*).

“Covenant” means the National Packaging Covenant.

“degradable” means a characteristic of a product or packaging that, with respect to specific conditions, allows it to break down to a specific extent within a given time.

“distribution packaging” means packaging that contains multiples of products (the same or mixed) intended for direct consumer purchase, including:

- Secondary: packaging used to secure or unitise multiples of consumer product, eg. cardboard box, shipper, shrinkfilm overwrap.
- Tertiary: packaging used to secure or unitise multiples of secondary packaging, e.g. pallet wrapping stretchfilm, shrinkfilm, strapping.

“downcycling” means reprocessing of a material into a lower value product, for example packaging glass used for road base, or paper used as a filler in plastic lumber.

“environmental claim” means a statement, symbol or graphic that indicates an environmental aspect of a product, a component or packaging.

“environmental impact” means any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organisation’s activities or products.

“Guidelines” means the Environmental Guidelines for Packaging associated with the Code.

“industry” means any manufacturing, industrial, commercial, wholesale or retail activity or process, that can result in the generation, recycling, treatment, transport, storage or disposal of consumer packaging.

“key performance indicators” are the agreed, quantifiable measurements that reflect the critical success factors of the National Packaging Covenant.

“landfill” means waste disposal sites used for the authorised deposit of solid waste onto or into land.

“life cycle” means consecutive and interlinked stages of a product system, from raw material acquisition or generation of natural resources to final disposal.

“litter” means consumer packaging that when removed from a product is intentionally or unintentionally discarded.

“NPCC” means the National Packaging Covenant Council

“NPCIA” means the National Packaging Covenant Industry Association.

“PACIA” means the Plastics and Chemical Industry Association.

“packaging recovery chain” refers to the companies, organisations and/or Local Governments who provide recycle collection services, reproducers, secondary markets and users of recovered, post-consumer and post-industrial packaging materials and paper products.

“packaging supply chain” means each of the organisations that participate in the creation, distribution and sale of consumer packaging and / or products. These include but are not limited to:

- suppliers of raw materials for consumer packaging
- manufacturers of consumer packaging
- suppliers / distributors of consumer packaging
- manufacturers of consumer products
- fillers of consumer packaging, eg contract packers
- brand owners of consumer products
- wholesalers / distributors of consumer products
- retailers of consumer products

“post-consumer recycled content” means material generated by households or by commercial, industrial and institutional facilities in their role as end-users of the product which can no longer be used for its intended purpose. This includes returns of material from the distribution chain.

“pre-consumer recycled content” means material diverted from the waste stream during a manufacturing process. Excluded is reutilisation of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it.

“recovery” means the system whereby materials are diverted from the waste stream for reuse or reprocessing for use as a raw material for the manufacture of a new product.

“recyclable” packaging means reasonably able to be recovered in Australia through collection or drop-off systems and able to be reprocessed and used as a raw material for the manufacture of a new product.

“recycle” means recover the consumer packaging and use it as a raw material to produce another product.

“recycled content” is the percentage by weight or volume of pre-consumer and/or post-consumer recycled material in the raw materials used for the manufacture of a product.

“re-use” means the use of consumer packaging (including distribution packaging) for the same or similar purpose as the original purpose without subjecting the packaging to a manufacturing process that would change its physical appearance.

“signatory” means any individual, group, company, or level of government who signs the National Packaging Covenant

“toxic substance” means a substance which is poisonous or harmful to the health of living organisms.

“waste” means material not being recovered for reuse and entering the waste stream, including discharges to air and water as well as solid waste from manufacturing or treatment processes.

“**waste hierarchy**” is a concept that provides a framework of environmental decision making on desirable waste management options - prioritising first the avoidance of unnecessary consumption, second the reuse of product, third the recycling of the material and lastly the optimisation of its final disposal.

5.0 Packaging Design and Selection

The vital role packaging plays in modern society is widely recognised for ensuring that products are protected and preserved, waste minimised, and quality, health and safety assured. Key roles of packaging include:

- Consumer safety and information
- Product shelf life, integrity and safety
- Logistical and supply chain considerations
- Theft prevention
- Marketing and sales

Packaging is subject to other codes, standards and legislation. Users of the Code and Guidelines should ensure that their packaging conforms with all government Acts and Regulations and relevant Australian Standards.

Users of the Code and Guidelines must fully consider the positive (beneficial) and negative (adverse) environmental impacts of packaging in their decision making process and document this decision making process.

The User of the Code and Guidelines should consider the overarching targets for reductions in packaging to landfill and increased packaging recycling under the Covenant. While it is not a requirement of the Code and Guidelines that individual products support the achievement of these overarching targets, it is important that Users of the Code and Guidelines understand the threat of prescriptive regulation if these overarching targets are not met.

The overall strategies to address environmental impacts of packaging and packaged products that must be considered across the packaging supply and recovery chains include:

- Source reduction;
- Potential for packaging reuse;
- Recovery and recycling;
- Ability to incorporate recycled content;
- Minimising impacts of packaging;
- Propensity to become litter; and
- Consumer information.

Where conflicting objectives exist, signatories should take steps to ensure that they have chosen the approach that best optimises the beneficial and minimises the adverse

environmental impacts across the packaging supply and recovery chains without diminishing the package's ability to perform its primary function(s). The decision making process used in each of the strategies mentioned below, at a minimum, must be documented and demonstrated by Users of the Code and Guidelines.

5.1 Source Reduction

Packaging should be manufactured so that the packaging materials are optimised to ensure the minimum amount required to maintain the necessary level of safety, hygiene and acceptability of the packaged product to the User of the Code and Guidelines and/or consumer.

Consumption of other resources such as energy should also be minimised across the packaging supply and recovery chains, for example packaging decision making should consider how the product and packaging are to be distributed and whether distribution requires special conditions such as refrigeration. The design of the product/packaging system should optimise transport efficiency (and therefore fuel consumption), for example by maximising the amount of product transported in a truck or container.

Refer to Section 10 of the Guidelines.

5.2 Potential for Reuse

Packaging should be designed and produced in such a way as to maximise its potential for reuse where the environmental benefit can be demonstrated. Priority should be given to reuse for the same application (for example pool pallet system for distribution) followed by reuse for an alternative application (for example glass jars used as drinking vessels).

Refer to Section 11 of the Guidelines.

5.3 Recovery and Recycling

Packaging should be designed and produced in such a way as to maximise its potential for recovery and recycling at end-of-life and to minimise the environmental impacts of its disposal.

The packaging design should support recovery in accordance with the waste hierarchy, with preference given to recycling for the same or similar application ('closed loop') followed by recycling for an alternative application ('downcycling' or composting).

Where possible, the package should consist of a single material, or materials, which can be readily separated and sorted for recovery. Packaging should be designed to minimise the impacts that any components such as closures, labels, sleeves, carry handles, etc may have on the recovery process. This requires consultation with companies involved in collection, sorting and reprocessing of the packaging.

Packaging (including imported packaging and packaged goods) must not be introduced into the market without full consideration of the impacts on resource recovery and recycling, for example degradable plastics packaging. However users of the Code and Guidelines should recognise that innovation leading to improvements in long term environmental outcomes should also be encouraged and considered where appropriate (even if there are short term or transitional difficulties).

Refer to Section 12 of the Guidelines and to the Recycling Materials Manual available from the Australian Council of Recyclers.

5.4 Ability to Incorporate Recycled Content

Packaging should maximise the use of recycled content where use of such content is physically possible, not detrimental to the function of the packaging or the packaged product, and would not violate applicable health and safety standards.

Priority should be given to incorporating post-consumer recycled material to support markets for material collected from recovery systems. Where appropriate, post-industrial recycled material should also be incorporated and considered.

In accordance with AS/NZS ISO14021, where a claim of recycled content is made, the percentage of pre-consumer or post-consumer recycled material shall be stated.

Refer to Section 13 of the Guidelines.

5.5 Minimising Impacts of Packaging

Users of the Code and Guidelines should consider their common law liabilities in relation to the use of hazardous or toxic materials, assess the packaging for the presence of toxic substances that are likely to pose risk and endeavour to reduce that risk accordingly.

Refer to Section 14 of the Guidelines.

5.6 Propensity to Become Litter

Users of the Code and Guidelines must be aware of whether or not their packaging is typically found in litter streams. If their packaging is typically found in the litter stream then companies should take specific measures to reduce the impact of such litter through, for example:

- Design to minimise the number of separable components; and
- Accurate consumer information to encourage appropriate management.

Refer to Section 15 of the Guidelines.

5.7 Consumer Information

If environmental claims are being made about such things as recycled content of packaging, recyclability or degradability, then this should be made clear to consumers of the packaging or packaged product where possible through the use of environmental labelling. Users of the Code and Guidelines seeking to adopt environmental labelling on packaging must refer to AS/NZS ISO 14021:2000. This states that environmental labels and declarations should aim to encourage demand for and supply of products that cause less stress on the environment, through communication of verifiable, accurate information on environmental aspects of products that is not misleading.

Failure to properly adhere to labelling guidelines may raise issues of Trade Practice law.

- The mobius loop should be used to make environmental claims when supported properly in accordance with AS/NZS 14021:2000.
- In contrast the Plastics Identification Code is a voluntary system of marking plastic containers to identify the plastic resin from which they are made and it should be used where appropriate and possible. It is not intended to be a guarantee of recycling ability or to provide companies with a platform for environmental claims.

Refer to Section 16 of the Guidelines.

6.0 Implementation

Implementation of the Code and Guidelines has a formal meaning. A User of the Code and Guidelines is said to have implemented them if the following is true:

- The User has considered the seven strategies for reducing the environmental impact of packaging and packaged products while developing or selecting any new packaging or reviewing existing packaging;
- The User has documented that each of the seven strategies was considered (either in accepting or rejecting) in respect of an item of packaging; and
- The User has sought to utilise its influence on supply chain linkages to improve the uptake of the Code and Guidelines.

In accordance with the Guidelines, documentation in accordance with European Committee for Standardisation (CEN) Umbrella Standard EN 13427:2004 *Packaging – Requirements for the use of European Standards in the field of packaging and packaging waste* and its associated European Standards may be used in lieu of detailed documentation for applicable strategies. Strategies for litter and consumer information are not covered under the European Standards documentation provisions.

6.1 Users of the Code and Guidelines that are Covenant signatories

Although the Code (and Guidelines) serves as a stand-alone document to assist industry in using packaging in an environmentally sound manner, it is also a specific component of the Covenant (*see Schedule 5*). For the benefit of Users of the Code and Guidelines that are signatories to the Covenant, this section describes that interaction.

The Covenant is designed to minimise the environmental impacts along the packaging supply chain arising from the use of packaging including: its specification and design; conservation of resources during its manufacture and filling; and facilitation of the reuse and recycling of used packaging materials.

The Covenant establishes a framework for the effective life cycle management of consumer packaging and paper to be delivered through a collaborative approach between all sectors of the packaging supply chain, consumers, collectors, reprocessors and Government. The Guidelines function as an operational tool to help industry achieve Covenant objectives.

The revised Covenant includes specific Key Performance Indicators (KPIs) for Covenant signatories. A number of these KPIs are directly linked to the Code and Guidelines, as shown in Table 1.

Table 1: Covenant KPIs Linked to Implementation of the Code and Guidelines

	Key Performance Indicator <i>[re-examine if KPIs are modified under Covenant discussions]</i>
1.	Total weight of packaging (domestic and imported) sold p.a. into the Australian market and the total weight of products packaged
2	Resources used to produce the packaging, by material type: energy used, water used
3.	Improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.
4.	Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount & type of packaging
5.	Average % per annum of post-consumer recycled content in packaging manufactured.
6.	Total weight by type of “non-recyclable “packaging sold p.a. into the Australian market
10.	Total weight of recycled consumer packaging sold to end-users
16.	Percentage of signatories providing recycling collection facilities for post consumer packaging generated on-site.
19.	Improvements in consumer knowledge about the functional attributes of packaging, including recyclability/re-use.
21	Estimated tonnage of consumer packaging recycled/sent to landfill from on-site collection facilities
22.	Number of signatories who have formally adopted the Environmental Code of Practice for Packaging (Code) and developed systems for its implementation
26.	Implementation of Buy Recycled purchasing policy or practices.
27.	Establishment of baseline performance data

	Key Performance Indicator [re-examine if KPIs are modified under Covenant discussions]
28.	Annual Reporting against Action Plan
29.	Demonstrating improvement and achievements against individual targets and milestones

Adoption and implementation of the Code and Guidelines, as well as progress against KPIs, is to be addressed and documented through the Covenant's Action Plan process embodied in Schedule 4 of the Covenant.

All Covenant signatories are required to submit an Action Plan detailing how they plan to demonstrate and report on their Covenant actions and commitments including the incorporation of the principles identified in the Code and the processes set out in the Guidelines. Action Plans will be assessed for validity and content in accordance with Schedule 4 of the Covenant.

The Guidelines provide practical measures for ensuring that Action Plans reflect formal Code adoption and implementation. In addition they also provide a method through which its implementation can demonstrate a signatory's level of commitment to achieving environmental improvement.

Users of the Code and Guidelines must be able to demonstrate and document how their total packaging decision making will contribute to the overarching waste reduction and recovery targets set out in the Covenant. Key overarching targets, as identified in the Covenant, which all signatories must address are:

- a reduction in total amounts of packaging disposed of to landfill;
- an increase in the amount of packaging recycled;
- increased use of recycled packaging materials in new products; and
- reduction in the use of non-recyclable packaging

6.2 General Code Management/Governance

Whilst the Code and Guidelines are strongly linked with the Covenant, they remain an industry code of practice and ownership therefore remains with industry. The operation and review of the Code and Guidelines is administered by a Management Committee consisting of representatives of:

- Australian Council of Recyclers
- Australian Food and Grocery Council
- Australian Industry Group
- Australian Retailers Association
- Beverage Industry Environment Council
- Packaging Council of Australia
- Plastics and Chemicals Industries Association.

The Management Committee's terms of reference are:

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- to regularly review the Code and Guidelines in the light of changing technological, social, economic and environmental considerations at least every three years;
- to ensure timely and accessible updating of relevant references and guidelines;
- provide guidance on, and make recommendations for, the resolution of any matters that come before it;
- promote the Code and Guidelines to industry, educators and the community;
- to ensure conformance with the Code and Guidelines by industry Users that are not Covenant signatories (compliance with the Code is mandatory for signatories); and
- establish any subcommittees, other advisory bodies or administrative structures necessary to ensure and promote the effectiveness of the Code and Guidelines.

The Management Committee will establish a "Complaints Log" to record and track all complaints received and be responsible for the day-to-day management of the "complaints system". Complaints will first be considered and addressed by the Management Committee on a case by case basis to determine validity and the relevance of the complaint to the Code. Similar complaints against particular classes of packaging may be aggregated as appropriate.

Upon receipt of a valid complaint, the Management Committee will call for input from both the complainant and the company alleged to have failed to comply with the Code and Guidelines. Responses to the calls for information should be met by both the complainant and the alleged offending company in writing within thirty (30) days from the receipt of the request.

Where said complaint is determined by the Management Committee to have objective and sound claims and refers to the packaging or packaged product of a Covenant signatory, the Management Committee will ensure that said complaint is forwarded to the National Packaging Covenant Council (NPCC) to undertake their own investigations to determine whether the complaint is contrary to either the Covenant or the signatories' Action Plans. Determinations of conformance or non-conformance with the Code and Guidelines will be reported to the NPCC within seven (7) days of such determination being made by the Management Committee. It is NOT expected that the Management Committee will play any role in determining the level of corrective action required or penalties necessary.

Should a complaint concern a company represented on the Management Committee then that representative shall, for that investigation, disqualify himself or herself and the Chair of the Management Committee may appoint a substitute to act as a representative on the Management Committee.

At the request of the Management Committee the User subject to a complaint shall produce all supporting materials and evidence justifying the company's claim to meeting the Code and Guidelines.

The Management Committee shall have the authority to co-opt the services of appropriate experts as required. Such co-opted experts shall have no voting rights. The costs incurred in the co-opting of appropriate experts shall be covered by the parties to the complaint on a basis predetermined by the Management Committee and agreed in writing by the parties prior to the co-opting of such services. The Management Committee will report outcomes of its investigations and results in a transparent manner regardless of whether the complaint refers to a signatory or a non-signatory.

7.0 Communication

The communication of this Code and Guidelines and their requirements are to be communicated to all Users of the Code and Guidelines through a range of channels. The National Packaging Covenant Industry Association (NPCIA) and its representative bodies will be responsible for ensuring that all signatories are aware of the Code and Guidelines. Respective industry organisations are to ensure sector companies have access to the Code and Guidelines and their implementation. Jurisdictions at the state and federal level will also be responsible for the communication of the Code and Guidelines to non-signatories of the Covenant.

8.0 Notes

Development of the Code and Guidelines has drawn from a range of sources with the aim of achieving good practice including the relevant CEN standards, New Zealand Code⁵, UK Code⁶ and stakeholder consultations. Where appropriate, relevant Code and Guidelines definitions have been adopted in their entirety from the Covenant to help ensure consistency. The contributions of all these sources are greatly appreciated.

“Packaging supply and recovery chain” is intended to encompass the separate definitions of “packaging supply chain” and “packaging recovery chain”.

⁵ Packaging Council of New Zealand *Code of Practice for the Packaging of Consumer Goods*.

⁶ Incpen *Code of Practice for Optimising Packaging and Minimising Waste*.

PART B - Environmental Guidelines for Packaging

Users of the Code and Guidelines must implement the principles of the Code in their product development and review process and demonstrate that they have implemented the Code and Guidelines in accordance with Section 6.

The following sections provide guidance to Users of the Code and Guidelines in documenting consideration of the following strategies across the packaging supply and recovery chains:

- Source reduction;
- Potential for packaging reuse;
- Recovery and recycling;
- Ability to incorporate recycled content;
- Minimising impacts of packaging;
- Propensity to become litter; and
- Consumer information.

For many of these strategies, documentation in accordance with CEN Umbrella Standard EN 13427:2004 *Packaging – Requirements for the use of European Standards in the field of packaging and packaging waste* (and the latest versions of its associated European Standards) may be used and provided as necessary, in lieu of detailed requirements listed in these Guidelines. Strategies for littering and consumer information are not covered under the European Standards documentation provisions. While Users of the Code and Guidelines have flexibility in documenting that the provisions of each section have been addressed, sample data formats have been provided and a sample summary table is provided in Section 17.

It is recommended that the procedures and record keeping outlined in the Code and Guidelines be incorporated into ISO 9000 and/or ISO 14000 systems, where applicable, and that at a minimum, supporting documentation be maintained for five years. Supporting documentation must be made available for examination by the Management Committee as required in accordance with Section 6.2 of the Code.

For further guidance, contact the NPCIA. A list of additional sources of information that may prove useful is provided in Section 20.

9.0 Additional Definitions for Guidelines

Terms in the Guidelines have the same meaning as provided in Section 4 of the Code. The following definitions apply to additional use of terms in the Guidelines.

“critical area for source reduction” means specific performance criterion which prevents further reduction of weight and/or volume of the packaging without endangering functional performance, safety and user/consumer acceptability.

“Material Safety Data Sheet (MSDS)” means a document that describes the properties and uses of a substance and provides health hazard information and information on precautions for use and safe handling.

“NICNAS” means the National Industrial Chemicals Notification and Assessment Scheme.

“POPs” means persistent organic pollutants.

“ppm” means parts per million.

“prevention by source reduction” means a process for the achievement of a minimum adequate weight and/or volume, for identical requirements, of primary and/or secondary and/or tertiary packaging, when performance and user acceptability remain unchanged and/or adequate, thereby minimising the impact on the environment.

10.0 Source Reduction

Intended Outcomes from Code Implementation (refer Section 5.1)

- Packaging should be manufactured so that the packaging volume and weight is limited to the minimum amount required to maintain the necessary level of safety, hygiene and acceptability of the packaged product to the User/consumer.
- Environmental impacts of energy consumption should be minimized across the supply chain.
- The design of the product/packaging system should optimize transport efficiency (and therefore fuel consumption).

Guidance

- Source reduction activities should be conducted in accordance with designated definitions of “prevention by source reduction” and “critical area for source reduction” in Section 9.
- Layers of packaging in the system should be minimized through the most optimal combination of primary, secondary and/or tertiary packaging, for example it may be possible to eliminate one layer through better design of the product or packaging.
- Product waste should be minimized by allowing complete dispensing of the product, i.e. minimal residue left behind in the package when disposed of by the consumer.
- Source reduction of packaging can be achieved in many different ways, for example by lightweighting the package, increasing the bulk or volume of product in the retail unit, by concentrating the product, or by redesigning the package to eliminate some of the material.
- Documentation in accordance with CEN Prevention Standard EN 13428:2004, Packaging – Requirements specific to manufacturing and composition – Prevention by source reduction may be used in lieu of a detailed demonstration under this Section.

Table 2: Sample Documentation for Consideration of Source Reduction

Demonstrated Consideration of Source Reduction (S.5.1 of Code)		
Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]
Consideration	Reference(s)	Note(s)
Is there currently a standard configuration / material for packaging of this type and purpose? If so, is this the default configuration / material for your packaging item?		
Are there source reduction options which might be applicable in the case of this packaging item? List		
What would be the likely functionality of these options throughout the packaging supply chain?		
How have the implications for safety and hygiene for both product and user/consumer of the source reduction options been considered?		
Acceptability of the source reduction options for packed product to the user/consumer		
For the default and alternative packaging options, what quantity of material will be used per unit of delivered product?		
Distribution efficiency of packaging measured by quantity of product contained on a pallet, truck or container compared to alternative packaging approaches		
Ability of the consumer to dispense close to 100% of the product?		
Comparison between environmental impacts of status quo and source reduction options		
Documentation must be maintained until 2010		

11.0 Potential for Reuse

Intended Outcomes from Code Implementation (refer Section 5.2)

- Where Users of the Code and Guidelines claim reuse, they must be able to demonstrate the practicality of the reuse system as well as any environmental benefits claimed.
- Priority should be given to reuse for the same application (for example closed-loop distribution packaging), followed by reuse for an alternative application (for example glass jars used as drinking vessels).
- Reusable packaging should be designed to minimize life cycle environmental impacts, for example in transport, by maximizing return rates.

Guidance

- Documentation in accordance with CEN Reuse Standard EN 13429:2004, Packaging – Reuse may be used in lieu of a detailed demonstration under this Section.
- Reusable distribution packaging should be designed for durability, efficient return (for example by collapsing or nesting to take up less space), effective cleaning, and tracking in the supply chain (for example through use of radio frequency identification (RFID) if justified by the value of the packaging).
- Clear and effective communication with supply chain partners should be undertaken to maximise participation and return rates and ensure the implementation of reusable distribution packaging where such packaging is utilised.

Table 3: Sample Documentation for Consideration of Reuse

Demonstrated Consideration of Reuse (S.5.2 of Code)		
Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]
Consideration	Reference(s)	Note(s)
Designation of the reuse system as a closed loop system, open loop system or a hybrid system [define where appropriate EN 13429:2004]		
Packaging supply chain confirmation that the packaging is capable of reuse for the intended application under normal conditions without risk to the product or to the health and safety of packaging supply chain participants and consumers.		
Average number of return trips expected under normal use in the designated system.		
Document reconditioning and end of life management once the packaging has fulfilled its designated purpose.		
Environmental impacts and comparison against comparable one-way packaging.		
Documentation must be maintained until 2010		

12.0 Recovery and Recycling

Intended Outcomes from Code Implementation (refer Section 5.3)

- Packaging should be designed and produced in such a way as to maximise its potential for recovery and recycling at end-of-life and to minimise the environmental impacts of its disposal.
- The packaging design should support recovery in accordance with the waste hierarchy, with preference given to recycling for the same or similar application

(‘closed loop’) followed by recycling for an alternative application (‘downcycling’ or composting).

- Packaging must not be introduced into the market without full consideration of the impacts on resource recovery and recycling.
- To help ensure the above outcomes, Users of the Code and Guidelines should utilise the Recycling Materials Manual, comprising the Kerbside Specifications for Post Consumer Materials and Recycling Guides for Manufacturers Marketing in Consumer Packaging. The Recycling Materials Manual is available from the Australian Council of Recyclers.

Guidance

- Where possible, the package should consist of a single material, or materials, which can be readily separated and sorted for recovery.
- Packaging should be designed to minimise the impacts that any components such as closures, labels, sleeves, carry handles, etc may have on the recovery process. Users of the Code and Guidelines must consult with recyclers or composters (depending on the intended recovery process) to find out whether any components will be problematic in the recovery process or in the end-product.
- Packaging should only be designed to degrade when littered in the natural environment (for example, inclusion of a degradability additive in plastic packaging) if there are clear environmental benefits and minimal environmental risks, taking into account the packaging recovery chain.
- Documentation in accordance with CEN Standard EN 13429:2004, Packaging – Reuse; CEN Standard EN 13430:2003: Packaging - Requirements for packaging recoverable by material recycling; and/or CEN Standard EN 13432:2000, Packaging – Requirements for packaging recoverable through composting and biodegradation – Test scheme and evaluation criteria for the final acceptance of packaging may be used in lieu of a detailed demonstration under this Section.

Table 4: Sample Documentation for Consideration of Recovery and Recycling

Demonstrated Consideration of Recovery and Recycling (S.5.3 of Code)		
Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]
Consideration	Reference(s)	Note(s)
1. Is packaging of this type and purpose covered in the Recycling Materials Manual? (ACOR)		
2. If no to consideration 1, what other evidence suggests that the packaging item will be compatible with existing Australian recycling systems?		
3. If yes to consideration 1, does the packaging item conform to the requirements identified in the		

Manual?		
4. If no to consideration 3, what are the aspects of the packaging item's design, configuration or material selection which may cause problems for existing Australian recycling systems?		
5. What are the reasons for maintaining those aspects identified under the above consideration? In other words, why does the packaging need to be designed, configured or constructed in this way?		
6. Amount of non-recyclable material which will go to landfill		
7. Availability of a collection system (e.g. kerbside) which is widely available to consumers		
8. Availability of a market for the material through an existing recovery system (recycling or composting)		
9. Number and types of different materials used in the packaging		
10. Ability of different materials to be separated during the recovery process (e.g. caps, labels etc)		
11. Potential contamination issues in the recovery process in accordance with the ACOR Guide		
12. Consultation with collectors and reprocessors during the early stages of the product development process		
13. Development and implementation of appropriate labelling on packaging to encourage consumers to recycle or compost		
Documentation must be maintained until 2010		

13.0 Ability to Incorporate Recycled Content

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Intended Outcomes from Code Implementation (refer Section 5.4)

- Packaging should maximise the use of recycled content where use of such content is physically possible, not detrimental to function of the packaging or packaged product, and would not violate applicable health and safety standards.
- When choosing between material supply options, priority should be given to incorporating Australian post-consumer recycled material to support markets for material collected from recovery systems.
- If a claim of the use of recycled content is made, users of the Code and Guidelines must be able to demonstrate the minimum level of recycled content in accordance with AS/NZS 14021.

Guidance

- Recycled content should be assessed to ensure it is not detrimental to the function of the packaging or packaged product or could clearly otherwise result in a net increase in environmental impact across the packaging supply and recovery chains.

Table 5: Sample Documentation for Consideration of Ability to Incorporate Recycled Content

Demonstrated Consideration of Ability to Incorporate Recycled Content (S.5.4 of Code)		
Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]
Consideration	Reference(s)	Note(s)
Amount and percentage of recycled material in the retail packaging unit (specify source, i.e. pre- or post-consumer)		
Amount and percentage of recycled material in secondary packaging (specify source, i.e. pre- or post-consumer)		
Amount and percentage of recycled material in the tertiary packaging unit (specify source, i.e. pre- or post-consumer)		
Compliance with food contact or other relevant performance standards		
Are there alternative configurations or materials which could incorporate recycled material? If so, how much and why were they not selected?		
Is there a material supply option which can provide the necessary material using post-consumer recycle?		
Evidence of the use of recycled material?		
Documentation must be maintained until 2010		

14.0 Minimising Impacts of Packaging

Intended Outcomes from Code Implementation (refer Section 5.5)

- Users of the Code and Guidelines should consider their common law liabilities, assess the packaging for the presence of toxic substances that are likely to pose risk, and endeavour to reduce that risk accordingly.

Guidance

- Companies should apply conventional and conservative risk management principles in the selection of substances for packaging applications. This

includes, where possible, elimination of toxic and hazardous substances or minimisation of such substances where their use is necessary.

- The use of toxic and hazardous substances is currently covered by a range of local and international standards and regulations.
- There are currently no specific Australian standards for restricting or banning toxic or hazardous substances in packaging. However several international regimes are emerging. See end of document for further information on relevant development.
- Users of the Code and Guidelines should aim to meet international standards in relation to toxic and harmful substances where appropriate. For example, the EU Packaging Directive specifies that the combined weight of heavy metals (mercury, lead, cadmium and hexavalent chromium) in a package must be less than 100ppm.
- While persistent organic pollutants (POPs) in plastics may be a concern if incineration is used for energy recovery, incineration of consumer packaging is not used in Australia. Should this practice begin to emerge, users of the Code and Guidelines should determine and document the likely risk from POPs when incinerated.

Table 6: Sample Documentation for Consideration of Minimising Impacts of Packaging

Demonstrated Consideration of Minimising Impacts of Packaging (S.5.5 of Code)		
Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]
Consideration	Reference(s)	Note(s)
Documentation must be maintained until 2010		

15.0 Propensity to Become Litter

Intended Outcomes from Code Implementation (refer Section 5.6)

- Users of the Code and Guidelines must be aware of whether or not their packaging is found in litter streams.
- If their packaging is typically found in the litter stream then companies should take specific measures to reduce the impact of such litter through:
 - Design to minimise the number of separable components; and
 - Accurate consumer information to encourage appropriate management

Guidance

- Users of the Code and Guidelines can understand their packaging's propensity to become litter by understanding/documenting where, when and how the product

will be used and by whom. For example, away from home consumption or prevalence at take-away shops will increase the chance that the package, or components of the package, could be littered.

- Engagement in various litter groups established under existing industry organisations (such as the Australian Food Grocery Council).
- Reference to relevant litter reports can also help to understand the prevalence and significance of litter.

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Table 7: Sample Documentation for Consideration of Propensity to Become Litter

Demonstrated Consideration of Propensity to Become Litter (S.5.6 of Code)		
Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]
Consideration	Reference(s)	Note(s)
How many separate or easily separable components does the packaging item have? (e.g., screw cap lids, peel off seals)		
Has the packaging item been designed to minimise the number of separate or separable components? If no, why?		
Process through which the packaging has been reduced to only what is essential to the safe distribution, storage, sale or consumption of the product		
Have options for away from home recycling as part of an overall littering abatement program been considered?		
Does your company provide support (financial or in kind) for public place recycling programs?		
How is this packaging configuration or material represented in the litter stream? On this basis, is this packaging type problematic for the litter stream?		
If this packaging type is problematic for the litter stream, does your company provide support for, sponsorship of, or involvement in anti-littering projects and organizations?		
If this packaging type is problematic for the litter stream, have packaging suppliers to your company been informed of a preference for packaging with a lower propensity to become litter and/or reduced environmental impact if littered?		
How does your company promote greater internal awareness and understanding among product development and marketing professionals of the potential benefits of packaging design choices in terms of litter, such as reducing the number of components?		

How does your company develop and document internal procedures and protocols for assessing the litter potential of packaging and products as part of the product design and development process?		
Can the product label be improved to encourage consumers to manage the packaging in a responsible manner resulting in an increased awareness of litter issues among company stakeholders?		
Documentation must be maintained until 2010		

16.0 Consumer Information

Intended Outcomes from Code Implementation (refer Section 5.7)

- Users of the Code and Guidelines seeking to adopt environmental labelling on packaging must refer to Australian/New Zealand Standard, Environmental labels and declarations - Self-declared environmental claims (AS/NZS ISO 14021:2000).

Guidance

- AS/NZS ISO 14021:2000 states that environmental labels and declarations should aim to encourage demand for and supply of products that cause less stress on the environment, through communication of verifiable, accurate information on environmental aspects of products that is not misleading.
- Where appropriate, logos should be used on packaging to encourage recycling, for example the relevant industry logo (for example those used for steel, liquid paperboard and beverage containers) or the mobius loop (refer to AS/NZS 14021).
- Materials used in plastic packaging should be identified with the Plastics Identification Code. The Plastics Identification Code is a voluntary system of marking plastic containers to identify the plastic resin from which they are made. The code allows for identification of a container after it has been used so that it can be recycled within that polymer stream. The code is not intended to be a guarantee of recycling or to provide companies with a platform for environmental claims. Copies of the Code and Guidelines on its use are available from PACIA.
- Anti litter information should be included on all packaging of products likely to be consumed away from home.

Table 8: Sample Documentation for Consideration of Consumer Information

Demonstrated Consideration of Consumer Information (S.5.7 of Code)		
Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]
Consideration	Reference(s)	Note(s)
Will the packaging item have any environmental claims made about it?		

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Do any such claims comply with the requirements of AS/NZS ISO 14021?		
What environmental issues have been considered during development of the marketing strategy for the product, including use of environmental claims, logos and consumer education?		
If recycling logos are to be used on the packaging, have you identified that there are existing recycling systems in place which will be able to recycle the packaging?		
Has anti-litter information been included on packaging which is likely to be consumed away from home?		
Is the Plastics Identification Code used and clearly visible on all plastic packaging?		
Documentation must be maintained until 2010		

17.0 SAMPLE SUMMARY ENVIRONMENTAL PACKAGING ADVISORY

Company: [XYZ Beverages]	Assessment Reference: [ABC123]	Date: [1 July, 2005]
Contact: [Worker name]	Title: [Packaging Designer/Signatory]	Contact Details: [TBC]

Summary Considerations

New or Changed Package: New multi-material barrier package pouch (plastic and aluminium) which extends the current shelf-life by 10% using materials that don't have an immediate recovery route in place.

Environmental Benefits: (refer Appendix A1 for sources of environmental information, including supplier declarations and supporting internal documentation).

- Extends shelf life by 10%
- Decreases food waste for this product by 25% (t/yr)
- Decreases greenhouse gas generation by 5% (t CO_{2-e}/yr)
- Decreases waste of existing packaging type by 15% (t/yr)
- Decreases water wastage by 8%
- Improves safety and reliability of food supply for remote locations, armed services and countries in famine

Environmental Concerns:

- Consultation with packaging recovery chain (refer Appendix A2) shows no current recovery system in place
- Adds x tonnes of material per year to landfill (refer calculations in Appendix A3)
- Potential to interfere with recycling sorting operations.

Control Improvements to Minimise Environmental Impacts:

- NPC Action Plan details work to improve recovery of materials via waste to energy options rather than landfill
- Review of package progress and recovery options (in consultation with packaging recovery chain) in 12 months

Demonstrated Implementation of Environmental Code of Practice for Packaging

Consideration	Code	Guidelines	Reference(s)	Note(s)
Source reduction	5.1	10.0	EN 13428 report (Appendix A4); File note regarding conversation with supplier X dated 1 April 2005.	Reduced environmental impacts across life cycle based on conversation with supplier about packaging alternatives – detail of how supplier's response impacted on the strategy.
Potential for reuse	5.2	11.0	EN 13429 report (Appendix A5)	No reuse system in place
Recovery and recycling	5.3	12.0	Appendix A2 for supply chain consultations; EN 13429 report for degradability (Appendix A5)	Recycling systems currently in place
Ability to incorporate recycled content	5.4	13.0	Appendix A6	Limited due to food contact. Product list provided by supplier, annotated with

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				remarks about suitability for packaging product in question.
Minimising toxic impacts of packaging	5.5	14.0	Supplier Declarations in Appendix A1; EN 13427	Supplier declarations show below detection limits; Confirmed with random testing
Propensity to become litter	5.6	15.0	Appendix A6	Not likely despite lack of recovery system
Consumer information	5.7	16.0	AS/NZS ISO 14021	No environmental claims to be made
Impacts on the packaging supply and recovery chains	All		Appendix A2	No recovery-systems currently in place; consultations continuing
Documentation must be maintained until 2010.				

18.0 Applicable Standards

While this list is not comprehensive, some of the applicable standards that Users of the Code and Guidelines will need to consider include:

Standard	Title
AS/NZS ISO 14021:2000	Environmental labels and declarations - Self-declared environmental claims

19.0 Frequently Asked Questions/Do's and Don'ts

Frequently Asked Questions

Is implementation of the Code and Guidelines compulsory?

Implementation of the Code (and Guidelines) is mandatory for Covenant signatories. However the Code and Guidelines are also intended to assist organisations that are non-signatories to the Covenant to minimise the environmental impacts of packaging and to demonstrate environmental stewardship in packaging design and selection.

Where environmental considerations conflict with each other or with other design considerations, which take precedence?

Where conflicting objectives exist, take steps to ensure that the approach has been chosen which best minimises the environmental impacts across the packaging supply and recovery chains whilst conforming with all government Acts and Regulations and relevant Australian Standards and whilst ensuring that products are protected and preserved.

Why is documentation necessary?

Documentation is necessary to help demonstrate Action Plan compliance and to provide a defense if challenged on packaging decision making or on any environmental claims made.

How long must records be maintained?

Whilst there is no minimum requirement for records to be maintained, it is recommended that records be maintained for five years, consistent with the life of the Covenant.

Do:

- Ensure compliance with all relevant standards
- Consult with the packaging supply and recovery chains when making packaging decisions
- Document or reference consultations and support materials
- Maintain records of packaging decision making
- Seek assistance, if needed, from the list of contacts in Table 9

Don't:

- Jeopardise consumer or product safety for the sake of environmental considerations
- Override one environmental consideration for another if doing so would result in a net increase in overall environmental lifecycle impacts

20.0 Additional Information

Process for Updating/Refining Available Information

Table 9: Key Contacts and Sources of Additional Information

Organisation	Website	Phone
AlGroup	http://www.aigroup.asn.au	02 6233 0700
Australian Council of Recyclers	http://www.acor.org.au	02 9907 0883
Australian Food and Grocery Council	http://www.afgc.org.au	02 6273 1466
Australian Retailers Association	http://www.ara.com.au	03 9321 5100
Beverage Industry Environment Council	http://www.biec.com.au	02 9518 6566
NICNAS	http://www.nicnas.gov.au	02 8577 8800
National Packaging Covenant	http://www.packagingcovenant.org.au	03 9681 6496
National Packaging Covenant (on	http://www.deh.gov.au/industry/waste/covenant	02 6274 1111

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DEH site)		
NPCIA		02 9476 4822
NZ Code of Practice	http://downloads.packaging.org.nz/cop.pdf	+64 09 271 4044
Packaging Council of Australia	http://www.packcoun.com.au	03 9690 1955
Plastics and Chemicals Industries Association	http://www.pacia.org.au	03 9426 3810
UK Code of Practice	http://www.incpen.org	+44 (0) 118 925 5991
Standards Australia	http://www.standards.com.au	02 9746 4700

Further information on the use, management and harmonisation of Classification and Labelling of Chemicals

Strategies are being developed for a globally harmonised scheme for chemical classification and labelling. A global system will make classification and labelling decisions more transparent. For more information please refer to:
<http://www.nohsc.gov.au/OHSLegalObligations/HazSubstancesAndDngGoods/ghs.asp>

The Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade and Stockholm Convention on Persistent Organic Pollutants. Information on the:

- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in the International Trade (PIC); and
- Stockholm Convention on Persistent Organic Pollutants (POPS)

is available on the Department of Foreign Affairs and Trade website at
http://www.dfat.gov.au/environment/haz_chem.aspl.

National

Approved Criteria for Classifying Hazardous Substances [NOHSC:1008(1999)]

The National Occupational Health and Safety Commission (NOHSC) has declared amendments to the Approved Criteria for Classifying Hazardous Substances [NOHSC:1008 (1999)]. Notification of the amendments appeared in the Commonwealth Chemical Gazette of 7 December 2004 and the Commonwealth Government Notices Gazette of 8 December 2004.

Industrial Regulator - National Industrial Chemicals Notification and Assessment Scheme (NICNAS)

Relevant legislation - Industrial Chemicals (Notification & Assessment) Act 1989, as amended.

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SCHEDULE 6

FUNDING ARRANGEMENTS

1. INTRODUCTION

This schedule refers to the provision of funding for projects carried out under the auspices of the National Packaging Covenant (the Covenant). This schedule identifies the mechanisms by which projects can be funded under the Covenant.

2. OBJECTIVES

This schedule has been developed to promote excellence in project activity in the Covenant through a simple, structured national funding process. Projects will be assessed on merit and funded against their ability to cost-effectively deliver against the goals of the Covenant. Projects may be proposed by State Project Groups, by the National Projects Group, by the Covenant Council or by other organisations.

3. PROJECT FUNDING

A cornerstone of the funding arrangements for the Covenant has been the requirement for matched funding between the packaging supply chain and government. This will continue although there is also flexibility for co-funded projects with non-Covenant signatories

The packaging supply chain will seek to raise a minimum of \$3 million per annum over five years (subject to review in years' two and four to assess the rate of project approval). It will also seek to increase the number of industry signatories to the Covenant. Funds will be used for Covenant projects including the cost of administering the Covenant process.

Funding will be recognised as one significant component of a signatory's Action Plans as required under the Covenant.

The NPCC will not support the use of Covenant funds to subsidise prices or collections costs. Nor will it be used to support activities or practices which are either uneconomic or do not represent good practice.

Project development and proposal

A priority project schedule will be developed and published annually by the Covenant Council to guide project development. Projects consistent with this schedule will be given preference, although projects outside its scope will still be eligible for consideration on merit.

In order to ensure the clarity and effectiveness of Covenant funding, the following system of funding approval will be used as described below. Projects can be developed and proposed for consideration by:

- Each of the state Jurisdictional Projects Groups (formerly JRGs)
- The National Projects Group (formerly the Kerbside Recycling Group)
- The Covenant Council
- Other stakeholders

National projects may be lodged directly with the National Projects Group. Projects that focus on one or more jurisdictions must demonstrate that the relevant jurisdictional representatives and the JPGs are aware of the project. The NPG will undertake to ensure that all jurisdictions are aware of proposed national projects.

All project proposals will be reviewed by the National Projects Group in two rounds each year. The deadline for the first review round is 1 August with approvals announced by 30 September and the second round 1 March with approvals announced by 30 April.

Projects must meet all project criteria in order to be formally considered for approval and funding. These are set out in the next section.

All proposals tabled for consideration will be assessed by the National Projects Group based on merit, according to the Covenant project evaluation system.

Project objectives

Project proposals must deliver directly against the stated environmental, social and economic goals of the Covenant. They must ensure that:

- Packaging is optimised to integrate considerations about resource efficiency, maximum resource re-utilisation, product protection, safety and hygiene.
- There are efficient resource recovery systems for consumer packaging and paper (excluding newsprint & magazines).
- Consumers able to make informed decisions about consumption, use and disposal of packaging of products
- Supply chain members and other signatories demonstrate how their actions contribute to Goals (1)-(3) above.

- All signatories demonstrate continuous improvement in their management of packaging through their individual Action Plans and Annual Reports.

Project criteria

Project proposals should:

- Demonstrate that matched funds are available for the project to commence
- Provide a substantive review of related projects or research in Australia and overseas which clearly demonstrates the value-add of the project proposal
- Demonstrate understanding of the specific outcomes of the proposal and its relationship to these goals
- Have specific goals, objectives, milestones and procedures and clearly stated methods for reporting against the delivery of each of these
- Have a formalised approvals process for reviewing milestones and releasing funding for payment based on acceptable outcomes
- Address the issue of risk management inherent with projects seeking to develop new information or ideas. This includes building in contingency plans where research/trial projects do not have certainty of outcome and need to consider options if outcomes are not met or only partially met
- Nominate an appropriate agency for the management of the project, including the name of the project manager
- Be within the broader scope specified in the Covenant which includes:
 - ≈ Ensuring efficient recovery of packaging from households, at public places, workplace/commercial premises and industrial premises
 - ≈ Improving the overall environmental impact of production and consumption of all packaged products, including distribution packaging and recycling through the supply chain
 - ≈ Considering aspects of littering of consumer packaging
 - ≈ Facilitating the measurement of impacts and reduction in use of plastic bags.

Approval criteria

The National Projects Group will review all projects based on merit, considering environmental, economic and social outcomes. The National Projects Group will approve projects (subject to funding availability) that meet all the following criteria:

- Can demonstrate that the project will contribute to delivering the core objectives of the Covenant

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- Can demonstrate relevance to achievement of overarching Covenant targets
- Clearly demonstrate that the project provides the best value for money to achieve these objectives
- Do not unnecessarily duplicate or replicate activity in other jurisdictions or overseas
- Where appropriate, projects must demonstrate national relevance, or manage local issues which compliment national goals
- Will reflect the learning of previous project activity in the Covenant including the independent economic assessment.

As a priority the Covenant will seek to develop a national and independent framework for the collection and reporting of data on the full environmental impact of packaged products (from source to consumption and disposal). This will incorporate and facilitate the reporting of baseline data as set out in Schedule 2 of the Covenant as well as providing comprehensive, independent and reliable data to inform policy setting and decision making by signatories and other stakeholders.

Approval process

Approvals will be limited by the availability of both industry and government funds. Jurisdictions that are unable to provide matching funds will not be eligible for matched industry funds. There will be no set level of funding available for each project evaluation round. Industry funds not allocated will be reserved for future project approvals.

Project proposals submitted for consideration will initially be circulated within seven days to representative groups from industry, jurisdictions and local government. Each group will have the opportunity to assess all submitted projects and provide their assessments to the National Projects Group to inform its deliberations.

The National Projects Group will evaluate and determine all projects to be funded. All approvals by the National Projects Group will be by consensus. The group will provide written feedback to applicants for all proposals not approved. Any party contributing funds (ie NPCIA or individual jurisdictions) has the right to refuse support for any project proposal.

Provision of funding will be based on successful completion of milestones and retention of final amount for successful project completion including suitable contingency/risk management, nominally 50 per cent at commencement of the project and 50 per cent at the demonstrated successful completion.

Project managers will be required to provide a detailed written report to the National Projects Group demonstrating achievement of the specified project objectives.

Composition and operation of the National Projects Group

The National Projects Group will be comprised of representatives from each of industry, jurisdictions and local government. Each of these stakeholder groups will be responsible for the appointment of their representatives.

The National Projects Group will have the responsibility for formal review of Covenant project proposals, will be responsible for the management of non-jurisdictional projects and for monitoring the progress of all funded projects.

Composition and operation of the Jurisdictional Projects Groups

Each Jurisdictional Projects Group will be co-ordinated by the relevant jurisdictional government agency. Jurisdictional Projects Groups will be responsible for the development and management of jurisdictional projects. The progress of stakeholder projects – whether jurisdictional or national - will be monitored by the relevant JPG.

Jurisdictional projects

Jurisdictional projects are defined as projects jointly funded by jurisdictions and industry. They will be proposed by Jurisdictional Projects Groups and approved by the National Projects Group. Jurisdictional projects will be managed at the discretion of the relevant jurisdictional agency. **All Jurisdictional projects must give the Covenant full recognition in any operation, reporting and promotion of these projects.**

Non-jurisdictional projects

There are two types of non-jurisdictional projects.

1. National projects

National projects can be proposed by the Covenant Council, the National Projects Group, any Jurisdictional Projects Group or any other Covenant signatory. National projects must have a genuinely national scope.

National projects will be assessed on merit alongside all other projects. In approving national projects, the National Projects Group must ensure the support of all jurisdictions. National projects will be jointly funded by industry and all jurisdictions and must give the Covenant full recognition in any operation, reporting and promotion of these projects.

2. Local Government Stakeholder projects

The Covenant will not exclude valuable project proposals from Local Government stakeholders who are not Covenant signatories.

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Local Government stakeholders can seek to engage with jurisdictions and/or industry to co-fund projects on the proviso that:

- They comply with the same approval process as Covenant projects
- The proposing organisation provides its own matching funds in lieu of, or in addition to, industry or jurisdictional funds
- The Mayor and CEO of the proposing organisation make a formal declaration of their endorsement of the principles and objectives of the Covenant
- The Covenant is given full recognition in the operation and reporting of these projects.

These stakeholder projects will be reviewed by the National Projects Group to ensure consistency with the goals of the Covenant. The National Projects Group, in consultation with the project proposer and the relevant JPG, will determine management of these stakeholder projects.

4. COVENANT ADMINISTRATION

The administration components of the Covenant will be undertaken by a single, non-partisan administration team to be funded with matched funding from governments (Commonwealth, State and Territory) and industry.

The tasks for these staff would include :

- Covenant administration, including registration of signatories and support for the development of action plans and annual reports
- Implementing the Covenant compliance enforcement procedures
- Provide secretariat support for the Covenant Council and National Projects Group
- Managing the assessment and audit of action plans & annual reports.
- Maintaining a dedicated website and database.

The administration staff will also undertake communication, promotion and educational activities, however, additional funding would be required for program implementation.

It is estimated that 5 staff will be required, including the Chief Executive Officer, to undertake the expected workflow. This estimate is based on the expectation of an increasing number of signatories and an active communications, promotion and education component.

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Annual costings are estimated at:

5 staff x \$130,000 including office accommodation on-costs	\$650,000
Implementation of communication and education program	\$100,000
Total per annum	\$750,000

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SCHEDULE 7

AUSTRALIAN RETAILERS ASSOCIATION CODE OF PRACTICE FOR THE MANAGEMENT OF PLASTIC BAGS

8 October 2003

INTRODUCTION

The Australian Retailers' Association (ARA) has developed, in agreement with the Environment Protection and Heritage Council (EPHC), a code of practice (the Code) for a managed reduction and recycling of current lightweight HDPE plastic bags.

The Code addresses the EPHC's challenge to retailers to reduce and recycle current lightweight HDPE plastic bags and represents a significant commitment by retailers to a range of initiatives to meet Environment Ministers' concerns about the environmental impacts of such bags.

The initiatives commit retailer signatories to work with governments, other industries and the broader community to influence behavioural change and substantially reduce the volume of plastic bags in the litter stream.

The commitments in the Code are summarised as follows:

- A 25 percent reduction in plastic bags issued by the end of 2004
- A targeted reduction of 50 percent in plastic bags issued by the end of 2005.
- An increase in the recycling rate of plastic bags to 15 percent (in store) and to target a 30 percent (combined in store and via kerbside) increase by the end of 2005.
- The introduction of recycled content plastic bags consistent with availability.
- Work with the Australian plastics and recycling industries to extend the targeted rate of phase out, over time, of HDPE bags made of non-recycled plastic.
- Support the EPHC target of an audited 75 percent reduction in bag litter by December 2005, working in conjunction with Clean Up Australia and other agencies and building on the knowledge gained during Bag Yourself A Better Environment campaigns in 2002/3.
- Ensure availability in stores of multiple use bags and making available comprehensive customer information on these bags.
- Offering customers easily accessible and clearly identified recycling stations in major supermarkets and in shopping centres.
- Objectively auditing the effectiveness of the Code. ARA members believe that the implementation of the Code will obviate any need for the introduction of

mandatory fiscal measures. These would penalise consumers as a significant tax on their supermarket purchases.

- Target a participation rate of 90 percent of the ARA's supermarket and chain members (Group One retailers) by 31 December 2003. These retailers account for around 50 percent of current lightweight HDPE bags issued but up to 80 percent of dry groceries sold in Australia pass through the check-outs of their stores.
- Campaign strongly to enlist as many smaller retailers ('Group Two') to adopt the Code's initiatives as possible, with the aim of achieving a 25 percent participation rate of ARA members falling into this category by 31 December 2004.

Group One and Group Two retailers signing this Code do so on the understanding that, should regulatory measures be introduced relating to the reduction and recycling of bags, they will not be subject to such measures.

1. GROUP ONE OBJECTIVES

Each Group One Code signatory agrees to work in partnership with governments, consumers, environmental groups and industry to:

- Commit to an audited 25 percent reduction in the annualised rate of lightweight HDPE plastic bags being issued by 31 December 2004;
- Target a 50 percent reduction in the annualised rate of lightweight HDPE plastic bags issued by 31 December 2005. An external audit will be conducted in July 2004 to assess progress to endeavour to strengthen the target to a commitment (based on the rate of reduction achieved);
- Target any further reduction in the annualised rate of lightweight HDPE plastic bags that may be achievable, subject to review of relevant operational factors such as take-up of multiple use bags by customers beyond 31 December 2005;
- Review in June 2005 the results of the 2004 targets and potential to achieve the 50 percent reduction by end-2005 with the aim to determine changes/options should it appear the targets will not be reached. Retailers will undertake this review with the assistance of the EPHC and ACCC if this is deemed to be required.
- Undertake the active development and implementation of viable and environmentally acceptable reusable options to support the above reductions;
- Support and promote initiatives designed to increase the current recycling rate for lightweight HDPE plastic bags to 15 percent of available bags (via in-store return only), or 30 percent of available bags through combined in-store and kerbside recycling, by 31 December 2005. These targets are based on figures adjusted to reflect the reduction in lightweight bags issued;
- Commit to the use of HDPE bags containing domestic recycled content and through recycling programs, maximise the recovery of quality feedstock for such bags.

- Investigate the development of viable degradable/reusable options, as appropriate, following consideration of the report on degradable bags by Environment Australia and the National Packaging Covenant Council;
- Work together to develop common standards for reusable bags and any redesign of packing frames needed to facilitate use and maintain productivity/efficiency.

These objectives are to be pursued through the implementation by Group One retailers of a range of initiatives and programs that present least risk to the health and safety of consumers and retail staff, and have the most favourable environmental impact.

The number of lightweight HPDE bags issued in calendar 2002 is to be used as the base annualised rate, adjusted so that reduction targets reflect business growth. Group One signatories will provide this baseline data to the ARA, and define performance indicators along with comprehensive and transparent metrics, as part of the process of signing to the Code. The ARA then undertakes to provide aggregated figures to the National Packaging Covenant Council.

2. CODE PRINCIPLES

This Code is guided by the principles of the National Packaging Covenant, the Waste Management Hierarchy and the package of measures endorsed by the EPHC on 23 December 2002.

By signing this Code, retailers commit to implementing such of the initiatives as are practicable and achievable by each organisation.

Signatories to this Code will implement reduction initiatives individually or collectively with industry and recycling programs through an alliance with Clean Up Australia and the National Packaging Covenant Council.

Code signatories that are also National Packaging Covenant participants will include strategies for applying the Code's initiatives in their Covenant action plans as appropriate.

For Group One signatories, these programs seek to achieve a targeted reduction in the use of current lightweight HDPE plastic bags based on a phased approach over the next two and a half years, subject to monitoring and review of progress.

The following principles are the foundations of the Code, in accordance with the Waste Management Hierarchy;

Refuse – signatories will implement initiatives that encourage customers to minimise their acceptance of current lightweight HDPE bags;

Reduce – signatories will implement cost-effective initiatives to reduce the issuance of those current lightweight HDPE bags not already being recycled or reused;

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Reuse – signatories will implement initiatives that encourage consumers to maximise the adoption of alternative plastic or other reusable bags;

Recycle – signatories will provide and promote in-store recycling systems where practicable, encourage the establishment of community and kerbside recycling schemes and support the use of Australian recycled-content bags.

Additionally, signatories will:

Review and report on progress – each Group One signatory will monitor the progress of their own initiatives, based on a common audit process developed by a professional independent auditor, with the intention of improving procedures and practices.

Signatories will report audited results half yearly to the National Packaging Covenant Council (NPCC) via the ARA. This report will track reduction in bag issue and increases in recycling. Achievements in litter reduction will be measured via Clean Up Australia and other agencies.

Review of the Code – after 18 months of implementation, the Code will be reviewed by a retail industry working group with the goal of achieving a continual improvement in the sustainable management and reduction of current lightweight HDPE bags.

This Code covers the period 10 October 2003 to 31 December 2005.

3. CODE INITIATIVES

Signatories commit their best efforts to implementing, as is practicable and achievable by each organisation (e.g. smaller retailers may not find it practicable or achievable to provide in-store recycling bins, etc), the following initiatives:

Reducing bag use

- a) Provide and promote alternative/reusable bags, taking into account the environmental impacts of using alternatives; food safety requirements; occupational health and safety of staff; the physical limitations of customers; and public liability.
- b) Train checkout staff to build and maintain awareness of and support the promotion of alternatives, including to improve bag packing efficiencies to decrease the number of current lightweight HDPE bags issued; increase number of items packed per bag; and question the need for a bag where appropriate (e.g. in transactions of three items or fewer).
- c) Educate consumers about reducing the number of current lightweight HDPE bags used through encouraging the purchase and use of reusable alternatives.
- d) In conjunction with Environment Australia, Clean Up Australia and the National Packaging Covenant Council, implement community education campaigns that encourage behavioural change to:

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- Purchase and use reusable alternative bags;
 - Avoid using a bag for only a few items.
- e) Encourage packaging/filling/manufacturing companies to provide carrying devices on their larger packs to preclude the need for an outer carry bag.

Recycling

- a) Provide and promote use of recycling bins for return of clean used current lightweight HDPE bags.
- b) Train checkout staff to build and monitor awareness of and support increased recycling by customers.
- c) Develop initiatives with Shopping Centre owners, community groups and schools that encourage the recycling of current lightweight HDPE bags.
- d) In conjunction with Environment Australia, Clean Up Australia and the National Packaging Covenant Council, implement community education campaigns that encourage behavioural change to;
 - use in-store and kerbside recycling services;
 - avoid bags being sent to waste in landfill, either as direct disposal or after secondary use;
 - correctly dispose of bags when used or re-used outside the home to prevent litter.
- e) Encourage development of the recycling industry by using bags with a percentage of recycled content derived from recycled bags.
- f) Strongly support and encourage the inclusion of current lightweight HDPE bags in kerbside recycling by local government.

Supporting Initiatives

1. Encourage Group One and Group Two participation in the Code and in the National Packaging Covenant.
2. Work with government, the bag manufacturing industry and research organisations to develop environmentally and commercially viable alternative bag options (including degradables if endorsed by Environment Australia) to current lightweight HDPE plastic bags.

4. COMMUNITY BEHAVIOURAL CHANGE CAMPAIGN

In conjunction with Clean Up Australia, Environment Australia, State Agencies and the National Packaging Covenant Council, the retail industry will develop and implement a continuing national community awareness campaign, that will inspire and facilitate consumer and retailer action to:

1. Refuse, reduce, reuse and recycle bags and raise consumer and retailer awareness of environmental impacts of bag use and associated waste management and recycling issues;

2. The campaign would include advertising, direct marketing, public relations and internet marketing and publicity concerning the extension of recycling opportunities;
3. The campaign will commence as soon as practicable and will run for the duration of the Code period, targeting the broader community as well as retailers, local councils, community groups and schools;
4. The effectiveness of the campaign on community behaviour and litter will be evaluated at regular intervals using consumer research organisations, focus groups, litter audits and disposal behaviour observational methods.

5. AVOIDANCE OF NEGATIVE IMPACTS

The Code's initiatives will be implemented so as to:

1. Limit or not add to costs related to store operational productivity/efficiency (through inappropriate alternative or secondary bag use);
2. Minimise the risk of shoplifting and theft of trolleys and wire baskets;
3. Not increase health and safety risks to staff and customers.

6. DEFINITIONS AND CLARIFICATIONS

Bag - standard, single use, lightweight HDPE plastic bag designed for the general-purpose carriage of goods by consumers, excluding light plastic bags for the packing of perishable food and vegetables.

Initiatives - the initiatives mentioned in this Code will not contravene laws including those relating to Occupational Health and Safety and Food Safety.

Retailers – include supermarkets, department stores, convenience stores, take-away food outlets, chemists, newsagents, hardware stores, clothing and general stores.

Other forms of retail trade such as community fetes, markets and stalls will also be encouraged to comply with relevant parts of the Code.

'Group 1' retailers – include the major and smaller supermarket chains and independent supermarkets sponsored by wholesalers or run under banner groups.

'Group 2' – all other retailers using lightweight HDPE bags.

Retailer commitment - the retailer endorses the objectives of the Code and agrees to pursue initiatives to meet these objectives as is practicable and achievable for their organisation, and to report regularly as required under the Code.

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Available bags - there are approximately 7 billion¹ current lightweight HDPE bags issued annually in Australia. This number will change with reduction in issue and use as envisaged under this Code

¹ Plastic Shopping Bags – Analysis of Levies and Environmental Impacts – Nolan ITU Pty Ltd, December 2002

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