

Towards packaging sustainability

The Australian packaging industry must continue to lift its sustainability game, but what is 'sustainability' in packaging terms and what are the key steps from here? By Russ Martin.

The little boy with his finger in the dike is not the only cautionary tale to come out of The Netherlands. It also shows how an industry can lose control of its destiny, even when things are going well overall.

Unlike almost every other EU country, The Netherlands had no formal industry funding mechanism for local authority packaging waste management operations. Despite a recycling rate of about 60 per cent, comparable to its neighbours, Dutch local authorities lobbied for a change and the third Dutch Packaging Covenant was not renewed when it expired in 2005.

It was replaced by producer responsibility legislation requiring industry to contribute to council collection costs for packaging waste. Mandatory deposits on beverage cans and small PET bottles had also been on the agenda, but the government decided on an anti-litter levy as a more holistic approach to litter abatement.

To avoid three sets of reporting, industry (perhaps unwisely) asked for the producer responsibility fee, litter levy and a carbon tax to be rolled into a single payment, and a combined tax took effect in 2008. The government says this will make life simpler for industry, but it also means industry has lost control of its funding.

Australia's packaging supply chain is well placed to demonstrate improved sustainability and there is some clear industry leadership in this regard. However, the industry's broader sustainability efforts are little known; there's no clear industry-wide commitment and various opportunities under the National Packaging Covenant have been squandered.

In the relative absence of 'good news' stories and viable industry responses to packaging misperceptions, prescriptive or misguided regulatory approaches will remain real threats. The supply chain must provide clear, verifiable evidence that progress is being made on sustainability and the industry must be more open, transparent and accountable.

These are some of the broader risks and opportunities for the industry outlined in the recent report I wrote with fellow



The compact Omo Small & Mighty has generated savings in materials use, transport and recycling.

consultant David Perchard for the Packaging Council of Australia (PCA). *The Status of Packaging Sustainability in Australia* is the first annual report on the issue, benchmarking the industry's performance while providing feedback both to industry and the broader community.

FACT FILE Snapshot of sustainability

- \$10.5-11 billion turnover and accounts for 1.2% of Australian GDP, compared to 0.7% in the UK.
- 60-70% of packaging is used by the food and beverage sector.
- 7.2 GL of water consumed, just less than 0.04% of total Australian use.
- 21.8 million GJ of energy.
- 3.7 Mt of CO₂e in 2005/06, less than 0.7% of national emissions.
- Under the National Pollutant Inventory, all 56 reporting facilities except one ranked as low emitters for each of the 24 substances

Defining sustainable packaging

A number of national and international attempts have been made to define sustainable packaging, virtually all of which have focused on environmental rather than social or economic parameters.

The US-based Sustainable Packaging

Coalition was set up to transform packaging into a system that encourages economic prosperity and a sustainable flow of materials. The European view of sustainable packaging is a little different, coloured by operating in a more highly regulated business environment.

Australian companies are more in tune with the broader European approach than with the Americans' more specific focus on packaging design, but it would be misleading and unhelpful to exaggerate the differences. The local Sustainable Packaging Alliance approach is very much in line with Europe, meaning very little packaging can be classified as 'good' or 'bad'. The real question is whether the packaging is appropriate for its intended application or whether it could be improved.

Regardless, the hunt will be on for 'unsustainable' products or packaging that can be priced off the market through the use of economic instruments or forced off it through the pressure of public opinion. The term 'choice editing' is beginning to be heard in Europe – an expectation on the part of legislators that the retail trade will stop selling items deemed to be bad for the environment. If choice editing comes about, the probability is that it will be based more on public opinion (as formed

by media comment and NGO pressure) than by any objective assessment of a product's environmental impact.

Understanding external influences

Consumers generally lack the knowledge about waste and resource recovery to be substantial drivers for packaging sustainability, but the supply chain does understand it. Globally, retailers such as Wal-Mart and Tesco have been driving significant changes in packaging along the supply chain.

Although the increased use of shelf-ready packaging can provide commercial opportunities, it could also result in increased packaging-product ratios, increased bleaching and chemical use for printing and increased product damage rates that could undo years' worth of packaging design improvements. There is a risk that retailer requirements are conflicting about preferred options and may be more difficult for suppliers to cope with than legislation would have been.

The food miles issue creates a variety of risks and opportunities for the packaging

FACT FILE

Recommendations

- Sustainable Packaging Summit to prioritise key issues, commitments and strategies.
- Independent stakeholder advisory panel to develop consensus sustainability indicators and reporting frameworks, including 'Covenant MkIII'.
- Significantly improved and standardised data and reporting, including economic activity, social influence, energy and water use and other sustainability indicators.
- The Environmental Code of Practice for Packaging should incorporate more life-cycle information and be made more robust. Strongly resist carbon labelling. Carbon footprint is best seen as a way of helping companies benchmark progress, rather than as a means of consumer comparison.
- Environmental performance of packaged products themselves needs to be considered.

industry. As with recycling rates and carbon footprint, food miles can be used to paint a decidedly negative view of industry practices when provided without their full context. Basing procurement decisions on minimum food miles could be counter-

productive: it may well be better to ship in foodstuffs from faraway countries where the climate is better suited to them than to create the right conditions artificially; and shipping from China may be more efficient and involve fewer environmental impacts than air freighting from a closer location. Several stakeholders expressed concern that food miles would be unfairly used to try to portray 'bad' products or examples of excessive consumerism.

Sustainability is a complex and many-faceted subject where a well-meaning single-issue focus could do more harm than good. If companies in the supply chain don't take the lead in finding the right balance and moving to implement their solutions, pressure groups or governments could decide it for them. The results of that could be less than optimal for the environment, for consumers and for industry's own cost structure. Companies need to be proactive, and be seen to be proactive.

Russ Martin is director of Martin Stewardship & Management Strategies (www.MS2.com.au). Download report at www.pca.org.au **WME**







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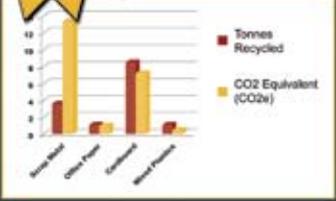
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Material	Tonnes Recycled	CO2 Equivalent (CO2e)
Cardboard	10	10
Plastic	5	5
Aluminum	2	2
Steel	1	1

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