



18 May 2010

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Ms Susan Whitehead
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Dear Ms Whitehead

Ai Group Response to the Consultation Regulatory Impact Statement on Used Packaging Materials

The Australian Industry Group (Ai Group) welcomes the opportunity to respond to the Consultation Regulatory Impact Statement on Used Packaging Materials (RIS). Ai Group is a leading industry association in Australia. Ai Group member businesses employ around 750,000 staff in an expanding range of industry sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other related service industries.

Ai Group is closely affiliated with more than 50 other employer groups in Australia alone and directly manages a number of those organisations. Together, Ai Group and its affiliates represent the interests of approximately 60,000 businesses which employ in excess of 1.2 million staff across Australia and the world.

Ai Group membership of the Covenant

Ai Group was an inaugural signatory to the National Packaging Covenant (the Covenant) and continues to be a strong supporter of the aims and objectives of the Covenant. This includes encouraging and assisting member companies in the packaging waste stream to become Covenant members.

An objective of the National Waste Strategy is to *“Support business and consumers to appropriately manage end-of-life products, materials and packaging.”* Ai Group advocates development of a national waste policy based on a net community benefits approach which is responsive to the real – and changing – costs and

benefits of waste and which enables responsibility for dealing with waste to be placed where it can most efficiently be discharged. The aims and objectives of the Covenant are entirely consistent with this approach.

Ai Group supports the continuation of the National Environmental Protection (Used Packaging Materials) Measure (the NEPM), and the National Packaging Covenant, both of which are due to lapse on 30 June 2010. Through our membership of the National Packaging Covenant Council, Ai Group continues to be closely involved in the discussions surrounding the development of the revised Australian Packaging Covenant and the Sustainable Packaging Guidelines.

An independent mid-term review of the performance of the Covenant found that it is an effective mechanism to address packaging waste. Ai Group considers that the co-regulatory model of the Covenant is both a cost-effective and flexible mechanism to achieve improved packaging waste outcomes which enables signatories the flexibility to tailor action plans to reflect their business priorities and relative position in the packaging supply chain.

Options under consideration

The RIS considers a number of options for the extension of the RIS. Ai Group's comments on each of these options are outlined below.

Option 1: Implementation of the Australian Packaging Covenant without the NEPM

As identified in the RIS, Option 1 could be expected to result in a reduction in the number of signatories. While the Covenant continues to receive strong support from industry, implementation of Option 1 may influence potential and possibly some existing signatories to base assessment of their involvement on direct benefits arising from joining the Covenant rather than net community benefit.

Further, the resultant increased uncertainty for participants in the Covenant could be expected to act as a constraint on the effectiveness of the Covenant in addressing packaging waste.

Option 2: Implementation of the Australian Packaging Covenant, supported by a renewed NEPM which would lapse in June 2015

While Option 2 would see a continuation of the Covenant in combination with the NEPM, the sun setting of the NEPM in 2015 may act as a constraint on business investment due to the shorter planning horizons resulting from uncertainty around long term obligations. This could be expected to have particular impact on new signatories joining the Covenant towards the end of the 5 year period.

In addition, Option 2 is less flexible than Options 3 and 4 given that at the 2015 termination date, the only option available to government is to replace the measure with a similar scheme without the flexibility to replace it or introduce a new style or type of regulation as is deemed to be necessary.

Option 3: Implementation of the Australian Packaging Covenant supported by a renewed NEPM which would be ongoing, subject to review every 5 years and

Option 4: Implementation of the Australian Packaging Covenant supported by a renewed NEPM which would be ongoing and subject to review every five years, at a maximum, with the first review being conducted for the purpose of bringing the APC and the NEPM under the Commonwealth Product Stewardship Framework legislation.

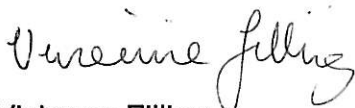
Of the options identified for the extension of the Covenant, Ai Group supports the conclusion of the RIS that options 3 and 4 are preferable. Both options combine a more permanent regulatory arrangement with provision for review which would allow for tailoring of the regulation to ensure consistency with a net community benefits approach.

As identified in the RIS, non-terminating provisions for the NEPM are more consistent with the ongoing focus on packaging outlined in the National Waste Strategy Framework and the proposed continuous improvement targets under the Covenant. In addition by providing greater certainty for signatories in relation to the regulatory arrangements underpinning the Covenant, both options could be expected to constrain costs incurred by governments in NEPM enforcement.

While Ai Group does not consider that there is much difference between the relative costs and benefits of Options 3 and 4 it would seem appropriate that the Covenant be reviewed at an appropriate time for consistency with the Commonwealth Product Stewardship Framework legislation. Given that the National Packaging Covenant is a mature and successful product stewardship arrangement which has been progressively refined over a period of 10 years and which has achieved considerable support from all levels of government and across the packaging supply chain, Ai Group would argue that it is appropriate that the development of the Product Stewardship Framework legislation both reflects the learnings of the Covenant and is consistent with its ongoing operation.

Please do not hesitate to contact me if you require any additional information.

Yours sincerely



Vivienne Filling
National Manager
Environment Policy and Membership Services