Review of the Used Packaging Materials NEPM and Australian Packaging Covenant

AIIA Submission

12 March 2021

Reference List of Key AIIA Members who are Original Equipment Manufacturers (OEMs):

- Apple Pty Ltd
- Brother International (Aust) Pty Ltd
- Canon Australia Pty Ltd
- Cisco Australia Pty Ltd
- Dell Australia Pty Ltd
- Epson Australia Pty Ltd
- Google Australia Pty Ltd
- HP PPS AUSTRALIA PTY LTD TA HP INC
- IBM Australia Limited
- Lenovo (Australia & New Zealand) Pty Ltd
- MICROSOFT PTY LTD
- VMWare Australia Pty Ltd

About the AIIA

The Australian Information Industry Association (AIIA) is Australia's peak representative body and advocacy group for those in the digital ecosystem. We are a not-for-profit organisation to benefit members, and AIIA membership fees are tax deductible. Since 1978, the AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favourable business environment for our members and to contribute to Australia's economic prosperity.

We do this by delivering outstanding member value by:

- providing a strong voice of influence

- building a sense of community through events and education

- enabling a network for collaboration and inspiration; and

- developing compelling content and relevant and interesting information.

We represent the end-to-end digital ecosystem in Australia, including:

- multinational companies

- large Australian technology, telecommunications and digital and cloud infrastructure companies; and

- a large number of small and medium businesses, start-ups, universities and digital incubators.

About the Corporate Social Responsibility Policy Advisory Network (CSR PAN)

The Corporate Social Responsibility PAN is an active group of AIIA members focusing on policy and activities relating to sustainability.

Formerly the Environment Special Interest Group, the Corporate Social Responsibility PAN actively engages with State and Federal Governments and key stakeholder organisations to ensure that member interests are represented and reflected within broader policy and regulatory framework.

Within the AIIA, the Corporate Social Responsibility PAN functions as an expert advisory body to:

- respond to economic, social and environmental issues within the Australian ICT industry
- undertake advocacy activities on topics such as waste management and recycling, product stewardship, energy efficiency, modern slavery and environmental sustainability, including climate change
- engage with other industry bodies to promote harmonisation of policy, legislation and standards across the Australian ICT industry
- provide a forum for AIIA members to focus on environmental and sustainability issues, with opportunities for knowledge sharing within the wider membership

Key points about AIIA's OEM Members

- **We are long standing APCO members**: most of our members have been members of the Australian Packaging Covenant for many years.

- **We have a strong commitment to product stewardship**: we are all involved in multiple schemes and have been active in designing and promoting the schemes especially in the areas of health safety and environmental standards and governance e.g.:
  - National TV and Computer Recycling Scheme
  - Cartridges for Planet Ark
  - Mobile Muster
  - Battery Stewardship Council

- **We have strong design processes** to continually and demonstrably reduce the environmental footprint of our products and packaging.

- **We are multinational companies with strong environmental credentials** Most of our products are designed and packaged overseas and the local subsidiaries have very little or no control over the design of packaging.

- **We have robust local recycling processes in place, particularly for our B2B products.**

We generally support the goals of the Australian Packaging Covenant and the NEPM but we have a few comments in relation to the Consultation Questions regarding proposed reforms.

Feedback on consultation paper questions

> 1. *Are the broad considerations appropriate for guiding areas of reform?*

Yes, the consultation paper is a good summary of many of the issues and the opportunities for reform.

> 2. *Are there other key considerations that should guide areas of reform?*
>
>   **and**
>
> 3. *For each of the broad areas of reform numbered 1 – 9 above, which do you support/not support for further consideration and why*

Feedback on broad areas of reform

REFORM AREA 1: **Better articulating the expectations of brand owners including performance measures for any used packaging measure**

We need to be very careful with numerical targets particularly about volume and type of packaging or packaging waste - There are too many variables e.g. industry, range and type of products, and market share.

We do support the existing approach - achievement of performance against the requirements of the covenant and then over time adjust the requirements to improve performance when most signatories have reached a certain level.

Some of the targets are very difficult e.g. problematic single use plastic packaging – it is important to retain the potential for exemption where there are no other viable alternatives. For example polystyrene used for very heavy delicate electronic equipment.

REFORM AREA 2: **Clarifying who would be liable brand owners under any future used packaging measure**

We agree that it should be on the basis of amount of packaging waste rather than turnover.   The approach should reward those who are making significant improvements in their packaging.

REFORM AREA 3: **Aligning the obligations of all liable brand owners**

We agree that the obligations for all brand owners should be aligned. We do not necessarily agree that APCO should be responsible for all. As mentioned elsewhere we think there should be some flexibility so that companies who are members of other industry-based schemes can acquit their obligations through one scheme.

REFORM AREA 4: Differentiating liable brand owner obligations based on business size, role and/or type (including to support SMEs)

We agree that obligations should vary according to type of business.

REFORM AREA 5: Centralising consideration of exemptions

We agree that there should be a level playing field for exemptions.

We strongly agree with the suggestion to recognise the role of product stewardship and alternative product stewardship arrangements such as a scheme established under the *Recycling and Waste Reduction Act 2020* as a way of demonstrating equivalent, or partially equivalent, outcomes.

We would be very happy to assist in designing an approach that lead to co-ordination of measures, governance and accountability. It is highly inefficient for companies to have to belong to an increasing number of different product stewardship schemes. We believe that there is a role for industry schemes to address all stewardship obligations. This would provide efficiencies for industry and protect against potential monopolistic practices if there is only one product stewardship organization.

REFORM AREA 6: Strengthening monitoring and enforcement and the tools available to address non-compliance

The AIIA agrees that there should be effective monitoring and enforcement and that this should be appropriately funded and effectiveness of enforcement monitored and publicly reported.

REFORM AREA 7: Broadening labelling (ARL) requirements

We have no issue with extending the availability of the ARL on a voluntary basis.

However, we very strongly disagree that the ARL should be mandatory for all products.

Maybe there is a case for making the label mandatory for certain industries where litter is a problem. For international manufacturers it adds a considerable cost burden to have a label that is applied only for Australia. This is a cost that would be borne by consumers. Packaging for our industry is generally not tricky to recycle and is generally covered by existing public recycling programs e.g. for paper and cardboard.

REFORM AREA 8: Enhancing data collection and reporting

We agree there should be a national data protocol and that used packaging measures should form part of a broader integrated strategy focused on a circular economy and end-to-end waste management. Our members have made a significant investment in providing data to ensure that performance against targets is met and we want to make sure that investment is not wasted through poorly defined metrics.

4. **What are some of the issues associated with monitoring, enforcement and free riders? What are the impacts of this?**

Nothing in particular to add at this time.

5. **What other issues have you identified or experienced with the UPM NEPM and/or the Covenant?**

When our industry tried to use the NEPM arrangement to create an industry based scheme to satisfy the covenant requirements no State actually had any mechanism in place to approve such a scheme - so it appears to actually be mandatory to join the covenant. If the NEPM is considered to provide a measure of flexibility for liable parties then State governments should be required to have mechanisms in place to identify equivalent outcomes and to monitor performance. We agree that terms should be standardised between states.

6. **What is the impact of any issues on your business / operations / broader achievement of Australia's waste and environmental goals?**

Our members are already participants in a number of product stewardship schemes. As mentioned above we think that the possibility of industry- based schemes covering a range of stewardship obligations should be considered e.g. packaging, product recycling, batteries.

For example, the proposed Battery stewardship scheme will exempt brand owners who are already recycling batteries through the NTCRS or mobile muster. Under the NTCRS recyclers can already report to Coregulatory arrangements the packaging they are diverting under the scheme.

We would welcome a further opportunity to engage with government on this legislation. Should you have any questions about the content of this submission, please contact policy@aiia.com.au.

Yours sincerely,

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AIIA