

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: ec.sen@aph.gov.au

Dear Committee Secretary,

Re: CropLife Australia's supplementary submission to the inquiry into Australia's waste reduction and recycling policies.

I write to address points raised during the public hearing on waste reduction and recycling policies, held in Sydney on 20 September 2024, where evidence was provided by the Australian Packaging Covenant Organisation (APCO). This letter supplements our existing submission (submission 19) to the Senate's inquiry.

It is essential to clarify and correct several points raised by APCO officials during the hearing to ensure the Committee is equipped with the most accurate information for its deliberations. I respectfully submit the following points for consideration.

CropLife supports a fit-for-purpose centralised reporting mechanism and compliance measures to meet Australia's ambitious packaging targets. We recognise the need for regulatory frameworks that deliver strong social outcomes that benefit society while minimising compliance burdens. CropLife supports robust regulation, provided it is effective and promotes genuine progress towards Australia's National Packaging Targets (NPTs).

Concerns regarding compulsory and regulated APCO membership

APCO's key proposal for compulsory membership as a mechanism to drive the achievement of Australia's NPTs is not fit-for-purpose. APCO's inability to position itself as a viable solution was underscored in the 2020 survey conducted by Behavioural Analysis titled *Business Decisions about Signing up to the Australian Packaging Covenant* (the Survey). The Survey explicitly highlighted that former APCO members left because they felt their existing stewardship commitments already met or exceeded regulatory expectations, deeming APCO membership duplicative. The omission of these insights from APCO's public statements fails to provide the committee with a complete view.



APCO's submission and public hearing evidence stated their ambition for "*close to 100 per cent*" of market coverage, suggesting a potential solution for a centralised reporting mechanism. However, APCO did not sufficiently address the deficiencies of the current APCO system highlighted by the Survey. CropLife supports a centralised reporting and compliance mechanism, which could involve APCO, but it must be fit-for-purpose. APCO's current model has increased compliance costs without achieving tangible regulatory or environmental gains, which may explain why some former members prefer jurisdictional reporting.

Importantly, the value of a co-regulatory arrangement lies in enabling stakeholders to choose mechanisms that offer the most competitive advantage, thereby reducing compliance costs and increasing efficacy through contestability. When businesses can select tailored options, they are more likely to comply. However, if the current APCO membership model is enforced, compliance costs may rise, as companies have less flexibility. This increased burden is often passed on to consumers, resulting in higher prices and contributing to a rise in the cost of living.

Mischaracterisation of non-members and free riders

The term "free rider" used during APCO's public hearing was misleading. For APCO to consider non-members as free riders implies that APCO provides non-exclusive market benefits that non-members are exploiting. As I understand it, the APCO model offers its members compliance support, best practice resources, networking and educational participation. Non-members can comply through direct reporting to state jurisdictions and does not draw any benefit from APCO resources.

APCO further inapplicable and offensively mischaracterises non-members as "*recalcitrant, slow adopters or avoiders*" all the while not having insight into non-members' reporting and compliance practices. Non-members can comply through direct reporting to state jurisdictions. It was concerning that throughout APCO's public hearing that non-members were conflated with those who evade obligations entirely. Considering that CropLife and our members have been national, and indeed global, leaders in industry packaging collection and recycling for nearly three decades these types of statements reflect poorly on the culture and professionalism of APCO.

Addressing gaps and fostering industry collaboration

The 2021 independent review of *National Environment Protection (Used Packaging Materials) Measure 2011* (NEPM) identified gaps in the current co-regulatory framework and it is essential that future policy decisions encourage collaboration across all relevant sectors. I would like to reiterate CropLife's readiness to engage with APCO, or other relevant organisations during and following the Federal Government's packaging regulation reform, in a constructive manner to ensure that the plant science industry's stewardship efforts and their contribution towards the National Packaging Targets are recognised.

In our submission we highlight the potential for existing industry-led stewardship initiatives to complement and supplement a centralised reporting framework. CropLife and its wholly-owned stewardship services organisation, Agsafe, have the capability to provide reports on behalf of its members, including packaging collection and recycling rates. Packaging regulatory reform must complement existing structures and work to lower the transaction cost of compliance while streamlining brand owner reporting requirements. As an option to investigate during policy design, recent correspondence from the Federal Environment Minister, the Hon. Tanya Plibersek MP, indicates that industry-led schemes, such as those managed by CropLife, could potentially qualify as equivalent to the proposed packaging requirements. This possibility could lower compliance costs and promote behavior change toward achieving Australia's National Packaging Targets.



Industry stewardship initiatives are effective and have the lowest transaction cost

CropLife and its members invest millions of dollars annually in stewardship programs designed to promote the safe and sustainable whole-of-lifecycle use and management of agricultural products, which is discussed in our submission. Programs like CropLife's **drumMUSTER**[®] and **bagMUSTER**[®] go beyond collection and recycling, with significant investment in on-ground education, program development and implementation. These efforts ensure the long-term success of our stewardship initiatives.

Critically, if the transaction costs of compliance continue to rise, these costs will inevitably be felt throughout the supply chain. Increased compliance expenses are likely to be passed down from producers to distributors and retailers, ultimately impacting end users. For consumers, this translates to higher prices for products and services, contributing to an overall increase in the cost of living. It is crucial to consider these economic implications when designing policies to ensure that compliance measures do not inadvertently burden consumers while aiming for sustainability goals.

CropLife Australia and its members remain committed to supporting effective regulatory frameworks that enhance Australia's sustainability goals while recognising the vital role that sector-specific initiatives play. I urge the Committee to consider the points raised in this submission to ensure a balanced and equitable approach to investigating Australia's packaging and waste reduction policies, leading to fit-for-purpose solutions and genuine sustainability outcomes.

Should you require any further information or clarification, please do not hesitate to have your team contact CropLife's Director of Stewardship and Sustainability Policy (jana.phan@croplife.org.au | 02 6273 2733).

Yours sincerely,



Matthew Cossey
Chief Executive Officer