

A photograph of a wine cellar filled with wooden barrels. The barrels are stacked on metal racks. Some barrels have white chalk markings, including "FILED LAST", "17MAKHYDE1", "17MAKHYDE2", and "TYH 12 46". There are also small square labels with a checkmark and the letters "MT" and "LB". In the bottom right corner, there are four large, white, overlapping circles.

Australian Grape & Wine Submission to: The Inquiry into Australia's Waste Management and Recycling Industries

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Terms of Reference

The House Standing Committee on Industry, Innovation, Science and Resources will inquire into and report on innovative solutions in Australia's waste management and recycling industries, including:

- Industrial, commercial and domestic waste;
- Waste in waterways and oceans;
- Landfill reduction; and
- Other related matters.

The Committee is to focus on opportunities presented by waste materials, including energy production, innovative recycling approaches and export opportunities, and to also consider current impediments to innovation.

Who are we

Australian Grape and Wine Incorporated (Australian Grape & Wine) is Australia's national association of grape and wine producers. Our activities focus on providing leadership, strategy, advocacy and support that serves Australian wine businesses now and into the future.

We represent the interests of the more than 5,000 grape growers and 2,500 winemakers working in Australia. Our role is to help forge a political, social and regulatory environment that enables profitable and sustainable Australian grape and wine businesses. These businesses make a significant contribution to growing regional economies by driving growth in jobs, regional exports, food and wine tourism as well as providing profitability and jobs to the service industries that support the wine sector.

Australian Grape & Wine's voluntary membership represents over 75% of the national grape crush. We represent small, medium and large winemakers, and grape growers from across the country. Policy decisions by the Australian Grape & Wine Board require 80% support, ensuring no single category can dominate the decision-making process, and guaranteeing policy is only determined if it provides significant industry benefit. In practice, most decisions are determined by consensus.

Australian Grape & Wine is recognised as a representative organisation for grape and wine producers under the *Wine Australia Act 2013*, and is incorporated under the *SA Associations Incorporation Act 1985*. We work in partnership with the Australian Government to develop and implement policy that is in the best interests of grape growers and winemakers across Australia.

Australian Grape & Wine welcome the opportunity to provide the following submission on behalf of the sector to the Inquiry into Australia's Waste Management and Recycling Industries.

Australian Grape & Wine Waste Management Policy

The wine sector should take advantage of all opportunities to utilise materials and resources in such a way that waste is minimised. It is vital that industry's waste management practices are continually improved across the sector, primarily to reduce the impact on landfills and the financial cost associated with creating waste and removing it from the property/facility.

The waste management hierarchy of - avoid, reduce, reuse, recycle and recover - should be applied in all businesses' approach to managing waste.

Australian Grape & Wine supports:

- An enhanced wine industry understanding of the waste management hierarchy in wine businesses and the continuous improvement of waste management practices.
- Government and industry investment in improved transport, facilities and services for waste, which reduce cost and improve its management.
- Industry giving consideration to using materials, such as packaging, which lessen the impact on the environment such as those which are reusable, recyclable or biodegradable, and
- Nationally consistent waste management policies which reduce impact on the environment but do not impose unnecessary regulatory burden and/or cost on wine businesses.

Waste management in the wine sector

Over many years the Australian grape and wine sector has invested in reducing the impact of waste across the sector's supply chain, with most waste being recycled, reused or managed in the most efficient and cost effective manner.

Liquid waste from cleaning down equipment and flushing is mainly treated on site and reused. Organic waste from the winemaking process is typically reused i.e. grape marc turned into feed or mulch and returned to the vineyard. Other inorganic solid waste such as used packing, wrapping, woods, metals and plastics are typically stored, bundled and sent away for processing offsite. Wherever possible the majority of grape and wine producers will seek to reuse or sell waste if there is a market to do so and economies of scale can be met.

Since 2009, the sector has had its national environmental assurance program in place (now known as Sustainable Winegrowing Australia), encouraging best practice in sustainable grape and wine growing across the supply chain. The program has a significant focus on waste management with participants developing waste management programs which are tracked with a view to continually continuous improve. The participants of Sustainable Winegrowing Australia (SWA) also report annually on indicators to the Australian Wine Research Institute (AWRI), which manages the program, with indicator data then being provided back in the form of benchmarking data to support continuous improvement. SWA members can also become certified which requires third party auditing of their management systems and practices.

Wine Sector and the Australian Packaging Covenant Organisation

The Australian wine sector has had a long history of engagement with the Australian Packaging Covenant Organisation (APCO). The Australian wine production is well represented under APCO, requiring its members to become signatories to the covenant, which is a document that sets out how governments and businesses share the responsibility for managing the environmental impacts of packaging in Australia. Under APCO the sector's members are required to monitor and track packaging sustainability over time. Members report against thirteen criteria, which form the Packaging Sustainability Framework, and are then provided with instant feedback, benchmarking and suggested actions for future improvement. The Framework is designed to drive sustainable packaging outcomes, allowing members to follow a structured pathway to success. A number of wine sector APCO members also participate in a wine industry working group seeking to address a number of sector specific

priority project areas.

Packaging is another area the sector has had major successes in terms of its innovations and ability to adapt to managing waste. For example, the screw cap was an Australian innovation which revolutionised the global wine trade as it not only provide for greater assurance of quality and safety but also allowed for a reduction in use of cork, a non-recyclable packing material.

In this sense, the sector has had a very long history of strong engagement in waste management from cradle to grave and had sought to limit its impacts where possible in the production of wine products. Sector lead continuous improvement is the key to driving these practices and the successes to the sector and the environment which they will continue to deliver.

Container Deposit Schemes

The primary purpose of Container Deposit Schemes (CDS) is litter reduction, and the encouragement of recycling.

CDS's are in place in South Australia, New South Wales, Queensland, ACT and the Northern Territory, with Western Australia to introduce its own CDS in June 2020 and Tasmania expecting to launch its own by 2022. Victoria does not currently have a CDS.

Currently, glass wine bottles and most casks are exempt from all Australian state and territory CDS's on the basis that these containers make up a negligible proportion of the total litter stream (wine and spirits bottles make up 0.07% of the public litter stream in South Australia)¹ and the kerbside collection of recyclables in each state and territory provides the best mechanism for those who wish to recycle their wine bottles. Wine is also consumed differently, usually in homes and at restaurants with meals, and is therefore not at all likely to become part of the public litter stream.

On 13 January 2019, South Australia announced the release of a discussion paper to review its CDS. As part of the discussion paper, wine containers are being considered for inclusion in the SA CDS. Given the negligible impact of wine bottles on the public litter stream, the high rate of recycling of wine bottles as a result of the kerbside collection system and the way it is generally consumed, it seems there is no sound policy rationale to include wine packages in South Australia's CDS.

The policy basis for this inclusion and the scientific reasoning have not been given due consideration, nor the high financial impact and administrative cost on wine businesses which would result. The understanding of these impacts are not well understood and alternate options need to be given further consideration as part of this review. However, many people believe wine should be included in CDSs on the basis that they don't understand why wine is not covered, or that they see an opportunity to generate more revenue for community groups.

Wine businesses would bear the costs of a CDS. Direct costs would include paying for the refunds for deposited containers, container registration and handling fees, while associated costs would include administrative and compliance costs and the redesign and printing of labels. In a very concentrated retail environment, there is little opportunity to pass these costs on.

¹ ["Litter Strategy Monitoring Wave 75 – May 2018 Report, KESAB Environmental Solutions, July 2018;](#)

Objectives of a CDS and why wine bottles are exempt.

The key objective of a CDS is to reduce the number of beverage containers in the public litter stream

- wine and spirit containers make up only 0.07% of the national public litter stream
- almost all wine and spirits bottles are consumed at home, or in licensed premises
- the curb-side (yellow bin) collection system collects the overwhelming majority of wine and spirits bottles across Australia.

If a CDS that included wine packaging was introduced, the annual direct costs to the Australian wine industry would be very high (approximately \$50-\$70 million nationally), but there is no evidence to suggest recycling rates for wine and spirits bottles would increase.

In addition to these costs, compliance and administrative requirements, red tape and the redesign and printing of new labels would place real and significant stress on the profitability of Australian wine businesses.

For example, businesses would be required to:

- meet quarterly reporting requirements
- pay a quarterly bill (producers are responsible for funding refunds and associated scheme costs), impacting on cash-flow.
- redesign their labels to include the refund amount etc.
- register each container in each jurisdiction with a CDS (either one-off or annual fees).
 - For example, South Australian charges for container approvals vary from \$295.50 (for 1 label) to \$2,147.30 (for more than 20 labels), while other jurisdictions charge various different rates for their own schemes.

Costs would of course increase in line with registrations across jurisdictions. A conservative estimate for administrative and compliance costs is 5 cents per container, although other beverage industry representatives suggest the true cost will be higher.

Revised CDS Policy

There is limited evidence which has been provided so far which justifies the need for inclusion of wine bottles in CDS. In considering any CDS policy position change whether it be state or national it is up to government to:

- assess and clearly articulate what (if any) the policy problem they want to address is;
- undertake a thorough and comprehensive review of best practice arrangements internationally (eg the UK's system of separate recycling bins for glass or the New Zealand System); and
- undertake a hard-headed cost-benefit analysis of any proposed policy initiatives.

To simply suggest including wine in a CDS as a solution without such an evidence base, is putting the cart before the horse.

Communication of Product Recyclability and sustainability.

Australian Grape & Wine encourages clear communication and promotion of our products packaging recyclability and broader sustainability. The sector plays an important role in educating consumers of the suitability of our products across their lifecycle. The sector is continuing to promoting sustainability of the product and educating the consumers on its recyclability through the use of voluntary recycling logos on packaging, website content, cellar door staff or other direct to consumer engagement materials.

Contact

We welcome further discussion on the comments provided in this paper. For further information, please contact:

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