

The background of the page is a photograph of a wine cellar. Numerous wooden barrels are stacked on metal racks. Some barrels have white chalk markings, including "FILED LAST" and "17MAKHYDE1". There are also small labels with "MT LB" and a checkmark. In the bottom right corner, there are four large, overlapping white circles.

Australian Grape and Wine Submission to the Consultation Paper for the Review of the co- regulatory arrangement under the National Environment Protection (Used packaging Materials) Measure 2011

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Who is Australian Grape and Wine

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

We represent the interests of winemakers and winegrape growers working in Australia. Our role is to help forge a political, social and regulatory environment - in Australia and overseas - that enables profitable and sustainable Australian wine and winegrape growing businesses. These businesses make a significant contribution to underpinning regional economies by driving growth in jobs, regional exports and food and wine tourism.

Australian Grape & Wine's voluntary membership represents over 75% of the national winegrape crush. We represent small, medium and large winemakers and winegrape 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 winegrape 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 winegrape growers and winemakers across Australia.

Overview of the Australian wine sector

In 2020, there were an estimated 6,251 grape growers with 146,244 ha of grape growing area producing 1,520,000 tonnes of grape crush.¹ Wine grapes are grown and crushed in every Australian state with South Australia, New South Wales and Victoria being the largest wine grape producers. Approximately 80% of Australian wine grape growing enterprises operate on less than 50 ha, 2% of enterprises operate on more than 500 ha. Similarly, almost 98% of enterprises employ fewer than 20 people, primarily due to the high number of family managed vineyards. Grape growing is often reliant on the grower's own labour plus the labour of family members.²

There are estimated to be 2,361 wineries in Australia (Wine Australia – Australian Wine Sector 2020 at a Glance).³ "Winemakers may grow their own grapes and/or purchase grapes from wine grape growers. Winemakers also sell grapes, bulk wine, and merchandise at the cellar door. Some winemakers contract crush and pack for other wineries. The winemaking sector is characterised by a large number of small businesses. For example, 310 from 424 responses to the Wine Australia, Winemakers' Federation of Australia

¹ Wine Australia Website – Australian wine sector at a glance and National Vineyard Scan, 2020

² Economic Contribution of the Australian Wine Sector 2019, Gillespie Economics, Page 3

³ Wine Australia Website – Australian wine sector at a glance August 2020.

(now known as Australian Grape & Wine), and Australian Vignerons 2018 Vintage Survey, were from wineries that reported a total crush of less than 500 tonnes.”⁴

Australia is the 5th largest wine exporter in the world with approx. 60 per cent of the wine produced in Australia exported to 117 global markets.⁵

Executive Summary

Australian Grape & Wine welcomes the opportunity to respond to the Consultation Paper for the Review of the co-regulatory arrangement under the *National Environment Protection (Used packaging Materials) Measure 2011* (the UPM NEPM).

Australian Grape & Wine supports the existing co-regulatory arrangement for the management of the environmental impacts of used packaging.

Australian Grape & Wine has previously engaged with the Australian Packaging Covenant organisation (APCO) on behalf of our members, to help APCO understand the aspects of the Australian wine sector, which are applicable to APCO’s operations. Based on these interactions, Australian Grape & Wine believes there are some enhancements to APCO’s approach that could help reduce complexity while still fulfilling the UPM NEPM aim, of reducing environmental degradation from the disposal of used packaging and improving the reuse and recycling of used packaging materials.

Australian Grape & Wine believes these enhancements should focus on:

- Clarifying liable brand owner criteria - so that the threshold to establish brand owner liability refers to the value or amount of packaging used, rather than the reference to total business turnover (\$5million).
- Differentiating liable brand owner obligations based on business size, role and or type – to enable APCO to gain a better understanding of different industry sectors so that the obligations of liable brand owners can be tailored to suit the business while also fulfilling the voluntary commitments under the Covenant.
- Promoting better recovery of packaging – by improving consumer awareness of how to properly dispose of recyclable material and driving consumer behaviour towards packaging that can be recycled.

Furthermore, Australian Grape & Wine does not consider the Consultation Paper provides sufficient evidence to support a centralised body (such as APCO), overseeing the data collection, reporting and compliance obligations of all liable brand owners whether they are Covenant signatories or not. This could create conflict of interest concerns for APCO’s operations.

⁴ Economic Contribution of the Australian Wine Sector 2019, Gillespie Economics, Page 5

⁵ [Wine Australia Website](#)

Response to reform considerations in the Consultation Paper

Objectives and reform considerations

Australian Grape & Wine supports reforms which are focussed on achieving the aims of the NEPM while minimising regulatory burden, particularly on SME's which make up a large portion of the Australian wine industry. As such, we are in favour of reforms which allow for different approaches with different participants in the packaging chain and believe reform options can be implemented within the existing co-regulatory framework, while still achieving our national environmental protection goals.

Clarifying liable brand owner criteria

Using total business turnover as a threshold for liability may not necessarily reflect the environmental impact of the packaging used by wine businesses. As referenced above in the "Overview of the Australian wine sector" section on Page 2 of this submission, there are more than 2,000 winemakers and 6,000 winegrape growers in Australia the majority of which are SME's.

Factors that should be taken into account and potentially excluded from the \$5 million turnover threshold applicable to liable brand owners are:

- Many wine businesses are highly diversified with turnover derived from related business activities such as tourism, hospitality and technical or management services, some of these commercial activities may not impact on the packaging volume or the environment (i.e., the subject of the aims of the NEPM).
- Given approx. 60 per cent of wine produced in Australia is exported, the turnover derived from export volume should also be excluded from the threshold as these exported products do not impact the local environment and the UPM NEPM and APCO are only relevant in Australian jurisdictions.

In our interactions with APCO on behalf of our members, we have found that the current system is complex particularly as many of our members' businesses are very small and don't have the systems and resources to understand or adopt APCO's requirements. As such, clarity of rules and consistency in their application across all jurisdictions might be a useful step towards encouraging increased participation. However, Australian Grape & Wine continues to support a co-regulatory approach to managing environmental impacts from packaging, rather than one body (APCO) undertaking all aspects of monitoring and enforcement, as is suggested on Page 22 in the Consultation Paper.

Differentiating liable brand owner obligations based on business size, role and or type

As outlined earlier in this paper, the Australian wine industry consists of a large number of very small businesses and a handful of very large businesses which make the bulk of Australia's wine production. These small, often family-run businesses generally produce small batches of premium, high value wine. Given the

smaller production volumes of these premium priced wines, the volume of packaging materials used would be much lower than the same value of FMCG products. Hence their packaging footprint should be accurately assessed before brand owner obligations are assigned by APCO. In recent years Australian Grape & Wine has engaged with APCO to help explain the nuances of the wine sector however the rigid approach in terms of the turnover threshold criteria, has limited their ability to tailor their approach on brand owner obligations.

Australian Grape & Wine is hopeful that this consultation process may deliver opportunities for APCO to better differentiate liable brand owners and adjust obligations to suit the business type and sector.

Promoting better recovery of packaging

Australian Grape & Wine agrees with the Consultation Paper on Page 23 where it suggests a potential area of reform could be improving consumer awareness on how to properly dispose of recyclable packaging materials and driving consumer behaviour towards packaging that can be recycled. Consumers are the key to managing waste or increasing the use of more recycled materials. An integrated public campaign outlining the long term environmental benefits of minimising and recycling used packaging, could be initiated withing the existing co-regulatory UPM NEPM and APCO framework. It would also complement other national initiatives such as the move towards a circular economy for waste plastics, glass, paper and tyres which the Council of Australian Governments (COAG) agreed in 2019, when they announced the phasing out of exporting these waste materials overseas.

It would be important for any type of consumer awareness campaign on the disposal of used packaging to be more than just extending the availability of the Australasian Recycling Label (ARL), a scheme designed to help consumers recycle their packaging. It should also ensure that the infrastructure for collecting waste packaging materials is readily accessible in homes and public spaces and that consumers understand what the label means and how to respond.

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