

PACIA

Plastics and Chemical Industries Association

Professor Peter Newman
Sustainability Policy Unit
Department of the Premier and Cabinet
197 St George's Terrace
PERTH WA 6000

5 March, 2003

Dear Professor Newman

The Plastics and Chemicals Industries Association (PACIA) is the pre-eminent national body representing the plastics, chemical, adhesives and sealants industries in Australia.

PACIA welcomes the development of the WA State Sustainability Strategy as a positive initiative. The Association has a long history of encouraging its member companies to take the lead in health, safety and environmental performances and in involvement with communities, through programs such as Responsible Care and the Greenhouse challenge.

The consultation Draft of the Strategy is a comprehensive document encompassing many different areas. PACIA wishes to confine its input to the topic of Sustainability Covenants.

The chemical industry in particular has a long history in the development of innovative programs for self-regulation, largely due to the industry's recognition of the need to engage the community in order to maintain its license to operate. The international Responsible Care program is recognised as moving companies beyond compliance with the law, towards best practice in protection of people and the environment, product stewardship and community involvement. There are 25 Responsible Care companies operating in Western Australia.

PACIA supports the concept of sustainability covenants and is keen to work with the Western Australian Government to develop this initiative.

As you are aware, PACIA is working with the Victorian Environment Protection Authority to develop "Sustainability" Covenants, focusing on the reduction of wastes. PACIA was closely involved with the development of this policy initiative and with the development of the supporting legislation. Responsible Care companies attaining a high level of performance will be able to enter into Covenant agreements, undertaking to reduce their wastes and emissions in return for certain benefits.

In WA PACIA is exploring with several agencies the possibility of recognition for Responsible Care companies through streamlined regulation and auditing. A

Sustainability Covenant process could assist in the process by bringing together all of the agencies with and interest in the potential impacts of chemical companies under one agreement.

The draft Sustainability Strategy describes the proposed Covenants as covering all aspects of a company of industry's economic, social and environmental performance and committing the company or industry to creating net benefits in each of these areas.

PACIA strongly supports the development of true sustainability covenants with a wider focus than environmental performance alone.

The Strategy also state that companies and Industry sectors that sign up to sustainability covenants and meet the obligations in these covenants will be able to 'badge' their products with a logo endorsed and promoted by the government.

PACAI strongly recommends that the Covenant program should include other rewards for participating sectors and companies. PACIA understands the philosophy that companies should seek to enter into agreements such as the proposed Sustainability Covenants for altruistic or reputational reasons, that is in the interests of being seen to be good corporate citizens.

However our experience over a long period is that community recognition does not provide sufficient reward, particularly in the chemical industry which is removed from the consumer. Most of our chemical member companies are members of the Greenhouse Challenge, however there is very low brand recognition and use of the logo. A very substantial marketing program is required to establish brand identity and then it needs to constantly reinforced for a logo to have any value.

Most Responsible Care companies are performing at a very high level in all three areas of social, economic and environment and are looking for some reward and recognition of the effort they are already making. Recognition through covenants could take many forms, for example:

- Streamlined licensing and regulation;
- The elimination of duplication in audits etc;
- Waiver of financial assurances where those are required;
- Assistance with implementation of cleaner production technology, for example through low interest or interest free loans;
- Access to research funding for sustainability projects; or
- Provisions of extra resources where needed to assist companies in developing sustainability reports for communicating their efforts to the wider community.

The particular incentives and the activities undertaken by each company would need to be tailored to the needs and position of that company, however PACIA could enter into an enabling agreement on behalf of the Plastics and Chemicals sectors and then work with the Government to develop individual company covenants. This is the approach taken in Victoria.

PACIA also has some reservations about the suggestion in the draft Sustainability Strategy that the covenants would be non-binding. The National Packaging Covenant, which is referred to as a model for the Sustainability Covenants, is backed by Packaging Regulations to which non-signatories are subject. PACIA has found it difficult to sell the idea of the Packaging Covenant, with its requirement to undertake voluntary actions and make financial contributions, quite difficult in the absence of the Regulations, which are now being enacted and enforced. Similarly the Victorian sustainability covenants are reinforced by legislation which provides an avenue for government to take action where particular sectors do not enter into covenants or do not fulfil their obligation under covenants.

Industry associations such as PACIA often support such reinforcing legislation in the interests of creating more level playing field. In the absence of “stick” the top performing companies may be reluctant to enter into voluntary initiatives requiring the investment of further resources while their competitors, who may not even be compliant with the law, are free to continue at a much lower level.

However, given the pioneering nature of the proposed Western Australian Sustainability Covenants, the issue of support legislation could be explored further down the track when some experience with the program has been gained.

PACIA looks forward to further developments in this area and is keen to work with the Government to bring a sustainability covenant program to fruition. Please contact our WA State Manager, Margaret Matthews, 9335 7805, mmatthews@pacia.org.au if you would like to discuss any aspect of this submission.

Yours sincerely

MARTIN JONES
Chief Executive