



**Australian Food and Grocery Council**  
**SUSTAINABILITY SUPPLEMENT**

2009-10



Australian Food and Grocery Council

### PREFACE

*Australian Food and Grocery Council's (AFGC) aim is for Australian food, beverage and grocery manufacturing industry to be world-class, sustainable, socially responsible and competing profitably domestically and overseas.*

AFGC is based in Canberra and provides a strong, united voice for industry to Government, NGOs, retailers/trading partners, industry groups and the media, as well as lead the charge for members in Federal, State and Territory Parliaments. AFGC is respected for advancing scientific policies and research to support industry positions. As part of our advocacy role, we advance best practice policy, promote industry's views and make submissions to governments on the development of policy and regulation impacting members.

With industry facing so many challenges, AFGC helps members stay competitive and well-informed on important issues including retailer margins, food regulation, labelling and sustainability issues. AFGC has been proudly representing the interests of Australia's largest manufacturing sector since 1995 and is dedicated to keeping the industry strong, innovative and profitable.

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### SUPPLEMENT COVERAGE

The environmental and social performance data reported in this report is based on a survey conducted by the AFGC of its full members performance across the 2009-10 financial reporting period.

Thirty (30) member companies provided data for this report; these members have a combined annual turnover of around \$18 billion. This represents approximately 20 per cent of the Australian food, beverage and grocery industry based on the respective annual turnovers within the AFGC's State of the Industry Report 2010.

The sustainability performance of these 30 members provides a sample of AFGC members (see full list of members - Pg 13) and gives an indication of the performance of the food and grocery industry as a whole. The performance of AFGC member companies documented in this report represents 70 per cent of AFGC's member companies (based on the total annual turnover of all AFGC members).

### Australian Food and Grocery Product Industry

Those industries that value-add to agriculture, food and other products for the purpose of producing everyday processed food, beverages and grocery products consumed and used by Australians.

The food and grocery product industry sub-sectors<sup>1</sup> are:

- Meat and Meat Product Manufacture
- Dairy Product Manufacture
- Fruit and Vegetable Processing
- Oils and Fats Manufacture
- Flour Milling & Cereal Foods Manufacture
- Bakery Product Manufacture
- Other Foods Manufacture (sugar, confectionary, seafood & pet food)
- Beverage Manufacture
- Paper and Product Manufacture
- Medicinal and Pharmaceutical Manufacture
- Home and Personal Care Products (plastics, soaps, detergents, toiletries & cosmetics).

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AFGC's aim: for the Australian food, beverage and grocery industry to be world class, sustainable, socially responsible and competitive in Australian and overseas

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1. The food and grocery product industry sub-sectors are defined by the Australia New Zealand Standard Industrial Classification (ANZSIC) system used by the Australian Bureau of Statistics.

### INTRODUCTION

AFGC believes businesses that measure and publicly report on their impacts on society and the environment will be able to better understand, manage and monitor these impacts and stakeholder expectations. Through publications and various industry forums the AFGC has encouraged its members to consider a holistic approach to sustainability reporting, where appropriate, taking into account frameworks such as the as the Global Reporting Initiative guidelines.

AFGC collects information on its members environmental and social performance on an annual basis. This information provides a means of benchmarking sustainability performance in the industry over time. In 2009, the AFGC released its first report “*Towards Sustainability*” on the industry’s sustainability performance. The report can be found online at AFGC’s website. The report documents the environmental and social performance of the industry and presents best practice case studies on the sustainability initiatives of member companies.

As the full report is released on a biannual basis, the AFGC has undertaken to publish a Sustainability Supplement in alternative years, providing summary information on members’ sustainability performance.

#### Global Reporting Initiative

The Global Reporting Initiative (GRI) Sustainability Reporting Framework is the world’s most widely used framework for reporting non-financial performance. The framework sets out the principles and indicators that organisations can use to measure, report and benchmark their economic, environmental and social performance. The GRI’s vision is that reporting on economic, environmental and social performance by all organisations becomes as routine and comparable as financial reporting. AFGC guides and trains our members in utilising the GRI sustainability reporting methodology.

The GRI announced the launch of the *Food Processing Sector Supplement* in May 2010. The Sector Supplement provides guidance on relevant issues to the industry such as: sourcing, labour/management relations, healthy and affordable food, public policy, customer health and safety, product and service labelling, and marketing communications. The Sector Supplement was developed through a multi-stakeholder process involving representatives from the agricultural industry, community and environmental organisations, academia and food and grocery companies

### SUSTAINABILITY AT AFGC

AFGC's observations indicate that sustainability considerations are increasingly being incorporated into business strategy. Additionally, progress is being made to understand whole of supply chain impacts with the introduction of initiatives that promote the adoption of supply chain policies and/or practices that are consistent with sustainable business.

The integration of sustainability considerations may allow the industry to unlock immediate and long-term value through tangible cost savings and resource efficiencies, effectively manage risks, build trust in the community and open up new markets and sources of innovation – it can enable Australia to achieve a competitive edge in providing safe, healthy and affordable food and grocery products.

AFGC supports its members by building their capacity and understanding of the issues. Recognising that the path towards sustainability will take a whole of supply chain approach, the AFGC is engaged with a range of industry stakeholders such

as retailers, regulators, consumers and suppliers. One of the main vehicles for engagement with AFGC members is through the Sustainable Practices Committee which is made up of representatives from across the membership with a vast array of experience. The core issues for the Committee include:

- Water - availability and efficiency
- Waste – resource efficiency
- Energy – climate change & greenhouse gas emissions
- Social – ethical sourcing & corporate responsibility.

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2009-10 saw a  
rise in awareness and  
action on sustainability  
issues in the industry such as: water and  
carbon footprinting, packaging design and  
waste, and traceability issues such as palm  
oil and tuna.  
“



## INDUSTRY SUSTAINABILITY PERFORMANCE

AFGC compiled this report on behalf of its members to:

- report on the performance of the food and grocery industry across a number of sustainability aspects
- provide a level of benchmarking
- provide guidance on a systemic approach to measurement and reporting that will result in accurate and useful information.

The content of this report is based on a survey conducted by AFGC of its members' performance in the 2009-10 financial reporting period across a number of sustainability aspects, including:

- Water use
- Energy use
- Scope 1 and 2 greenhouse gas emissions
- Waste and Recycling
- Community investment

### Indicators of Environmental Performance – please note

Industry averages are provided for each of the indicators of environmental sustainability performance, per the relative amount of resources used per tonne of finished product. The 30 responses received were not dispersed evenly between the industry sub-sectors and thus did not give an accurate or comparable result to the 2007-08 data. The 2009-10 data displayed is an overall industry average figure and is compared to the industry average figure for 2007-08.

Please note: due to the responding companies varying each year it is difficult to determine the reasons for the increase or decrease in industry averages.

Also, actual industry performance may not have increased or decreased, just that responding companies have changed. With around a 30 per cent response rate AFGC feels that this provides an indicative representation of the industry's performance



WATER

Total annual water consumed by AFGC members completing the 2009-10 survey totalled approximately 42,500 mega litres (ML).

This is equivalent to approximately 17,023 Olympic-sized swimming pools.

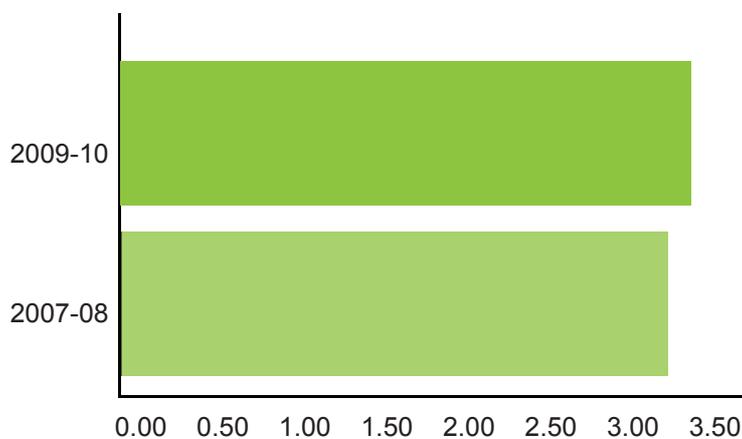


Figure 1. Industry average water use (L/kg finished product)

Water usage for the industry in 2009-10 was 3.2 L/kg of finished product, compared to 3.1 L/kg of finished product in 2007-08.

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The availability, pricing and security of water for food and grocery production and processing is a critical issue due to the effects of changing weather patterns.  
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**Insight: Best Practice Water Usage**

Lion’s Castlemaine Perkins brewery in Brisbane has supplied locals with beer for more than 127 years. The brewery once used 9.5 litres of water to produce one litre of beer. In recent years, through a variety of measures, this has dropped to under 3 litres.

The brewery’s team are committed to achieving world’s-best practice standards in water efficiency. They set a 2.2 litres of water per litre of beer packed target, aiming to use one litre in the product itself, and to completely recycle the remainder through the production process for reuse in the factory. To ensure maximum water savings, 29 sub-meters and six council meters on site are carefully monitored, and each department has specific benchmarks for water use.

Reductions have been achieved through a range of measures, from simple steps such as reducing leaks, to complex projects such as the implementation of the recently completed \$16 million reverse osmosis recycling plant. Even trade waste will be recycled by the plant.

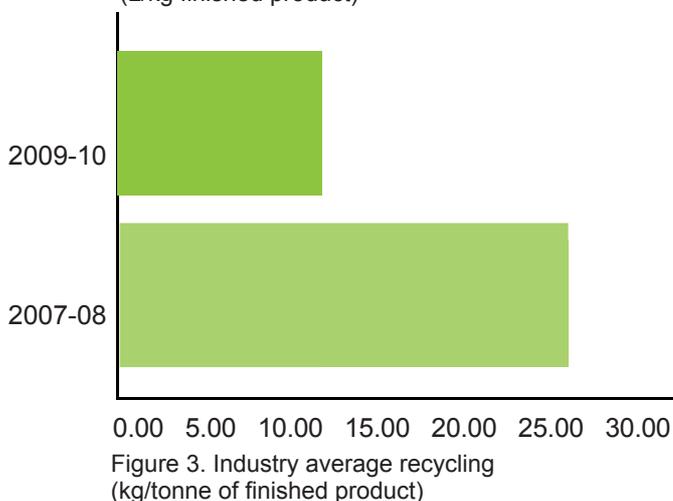
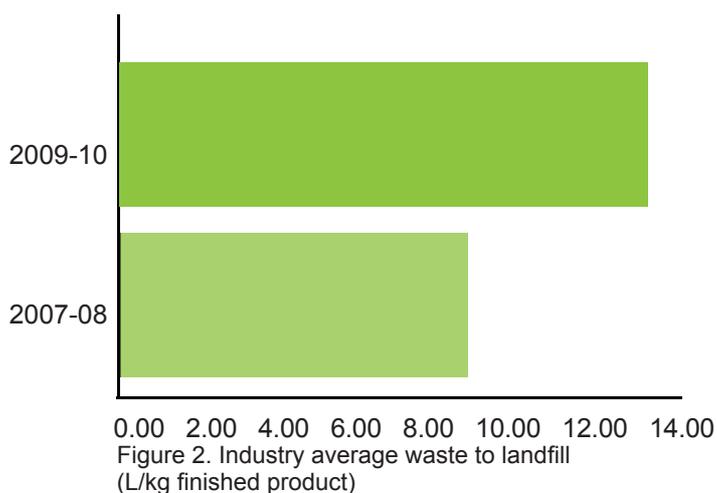


WASTE & RECYCLING

In 2009-10, the average industry production waste sent to landfill was 13kg per tonne of finished product compared to 9 kg per tonne of finished product in 2007-08.

Waste sent to landfill by AFGC members completing the 2009-10 survey totalled approximately 173,000 tonnes.

Total waste recycled by the AFGC members who responded to the survey totalled approximately 135,000 tonnes.



**Insight: Love Food Hate Waste**

In May 2010 AFGC signed as an inaugural partner of the NSW Government's Love Food Hate Waste program to help waste less food and save the environment.

Since becoming a partner, AFGC has promoted the Love Food Hate Waste program to all members and is developing a knowledge map of food waste data sources. AFGC is also involved in a feasibility study into the composting of industrial food waste.

AFGC supports the NSW Government's program which aims to reduce the amount of energy, water and resources used to grow, package and supply food.

Australian households throw away more than \$5 billion<sup>2</sup> worth of food each year. On average, Australia's food and grocery manufacturers send the equivalent of around 1.3 per cent of finished products to landfill each year.



ENERGY & GREENHOUSE GAS EMISSIONS

The energy use breakdown by source across the responding industry members in 2009-10 was natural gas 62 per cent, coal 9 per cent and electricity 29 per cent. This compares to 2007-08 figures of natural gas at 47 per cent, coal at 12 per cent, and 41 percent electricity consumption.

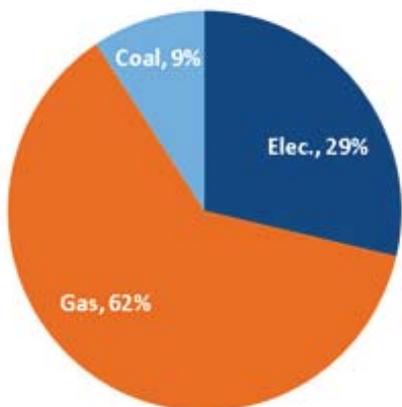


Figure 4. Energy use across the industry

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Climate change is an important global issue and emissions reductions in food and grocery manufacturing will play a part in Australia’s efforts.  
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Energy use (Megajoules - MJ) per kilogram of finished product for the industry was 0.6 MJ/ kg of product, compared to 2.0 MJ/kg of product for 2007-08.

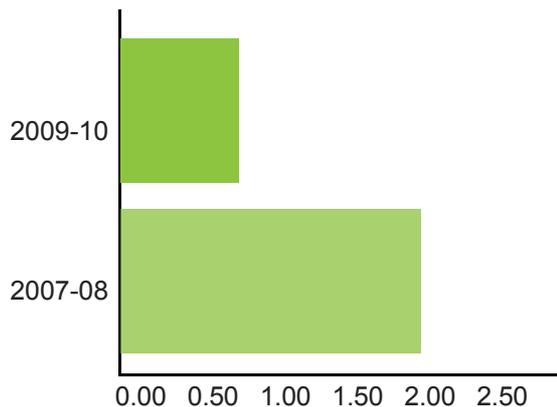


Figure 5. Industry Average energy usage (MJ /kg finished product)



ENERGY & GREENHOUSE GAS EMISSIONS

Total annual greenhouse gas emissions by AFGC members completing the 2009-10 survey totalled approximately 3,731 kilo-tonnes CO<sub>2</sub>-e. These total emissions are equivalent approximate to 0.73 per cent of Australia's total greenhouse gas emissions in 2009<sup>3</sup>.

In 2009-10 greenhouse gas emissions for the industry averaged 0.29 kg CO<sub>2</sub>-e per kg of finished product. This compares with 0.38 kg CO<sub>2</sub>-e/kg of finished product in 2007-08.

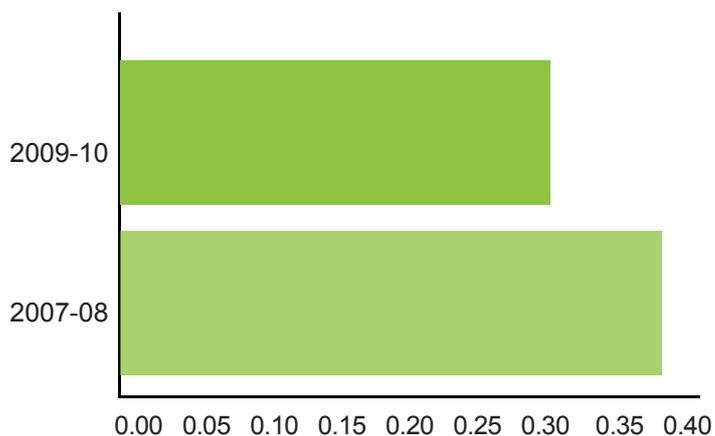


Figure 6. Industry Average greenhouse gas emissions (kg CO<sub>2</sub>-e /kg finished product)

3. Australian Government Department of Climate Change 2009, National Greenhouse Gas Inventory – Kyoto Protocol Accounting Framework. Available online at <http://ageis.climatechange.gov.au>

**Insight: Solar panels at Coca Cola Amatil's Eastern Creek Distribution Centre**

CCA's 30,000 square metre \$85 million Distribution Centre at Eastern Creek, in Western Sydney, was opened in 2009 and has 670 solar panels on its massive roof, making it one of the biggest renewable energy projects in an industrial facility in Australia.

The project was supported by Goodman International, BP Solar and Blacktown Solar Cities group, and was opened in November 2009 by the Chief Government Whip and Member for Chifley, Roger Price MP, who praised the initiative as bringing together industry, business and communities in the better management of energy needs.

The \$1.2 million 110-kilowatt solar photo-voltaic system produced more than 138 megawatts of clean renewable energy in 2010, saving 120 tonnes of GHG emissions.

The DC also has energy-saving lighting control, water tanks to harvest 240,000 litres of rainwater, and many other energy saving initiatives, and is awaiting approval for a green-star rating from the Green Building Council of Australia. If successful, it will be the first green-starred industrial building in Australia.



### COMMUNITY INVESTMENT

In the field of community investment expenditure, AFGC member's contribution for 2009-10 totalled over \$26 million, compared to \$14 million in 2007-08. The initiatives include individual company activities such as community partnerships and support programs, donations and gifts in kind, employee and organisation-wide charitable giving, fundraising and related activities.

#### Foodbank

In 2010, 19.4 million kilograms of food and groceries – the equivalent of 1,000 semi-trailer loads – was donated by Australia's food and grocery industry to people in need. Between January and December 2010, food and grocery manufacturer's donations became 26 million meals, the equivalent of about 71,000 meals every day to families in desperate need. During the recent Queensland flood and cyclone appeals, industry also donated a total of 1,517 pallets of food and other essential daily items.

Known as the pantry of the charity sector, Foodbank is the largest national food relief organisation that delivers valuable food and drink supplies via charities, including St Vincent De Paul and the Salvation Army, to thousands of people doing it tough.



#### Insight: Nestle's contribution to Foodbank

Nestle has had a long-standing partnership with Foodbank Australia. In 2009, Nestle donated 333 tonnes of food products to Foodbank Australia. Since 2004 Nestle's total food donations equate to 3,800 tonnes.

With a focus on leaner and more efficient operations, Nestle continues to look for innovative ways it can further contribute to Foodbank's efforts. In 2009, Nestle Uncle Tobys donated an entire day's production as part of a collaborative initiative with Foodbank.

This initiative delivered 1.4 million bowls of porridge to Australians in need and was a true collaborative effort. Uncle Tobys provided the manufacturing – with Nestle employees donating their time; farmers in Western Australia provided the cereals; packaging was provided by Amcor; and transportation and distribution was provided by the Toll Group.



### FUTURE DIRECTIONS

AFGC would like to thank the 30 members who took the time to provide data and case studies for this report. A special thanks also goes to the Sustainable Practices Committee who continue to drive sustainability achievements within the industry – together we will continue to work together to ensure the food and grocery industry can provide for the future. AFGC would like to acknowledge Net Balance Foundation's contribution in checking the accuracy of the water, waste, energy and greenhouse charts reported.

### Feedback

AFGC welcomes any comments and feedback on this sustainability supplement. Please contact the AFGC Secretariat:

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Learn more about AFGC and what is impacting the food, beverage and grocery manufacturing industry online at :

 [www.afgc.org.au](http://www.afgc.org.au)

 <http://twitter.com/AusFoodGrocery>

 [www.youtube.com/user/AFGCvideos](http://www.youtube.com/user/AFGCvideos)



### AFGC MEMBERS LIST

#### Full Members

Arnott's Biscuits Limited  
Asia-Pacific Blending Corporation P/L  
Barilla Australia Pty Ltd  
Beak & Johnston Pty Ltd  
Beerenberg Pty Ltd  
Bickfords Australia  
BOC Gases Australia Limited  
Bronte Industries Pty Ltd  
Bulla Dairy Foods  
Bundaberg Brewed Drinks Pty Ltd  
Bundaberg Sugar Limited  
Byford Flour Mills T/a Millers Foods  
Campbell's Soup Australia  
Cantarella Bros Pty Ltd  
Cerebos (Australia) Limited  
Cheetham Salt Ltd  
Christie Tea Pty Ltd  
Church & Dwight (Australia) Pty Ltd  
Clorox Australia Pty Ltd  
Coca-Cola Amatil (Aust) Limited  
Coca-Cola South Pacific Pty Ltd  
Colgate-Palmolive Pty Ltd  
Coopers Brewery Limited  
Danisco Australia Pty Ltd  
Devro Pty Ltd  
DSM Food Specialties Australia Pty Ltd  
Earlee Products  
Eagle Boys Pizza  
FPM Cereal Milling Systems Pty Ltd  
Ferrero Australia  
Fibrisol Services Australia Pty Ltd  
Fonterra Brands (Australia) Pty Ltd  
Food Spectrum Group  
Frucor Beverages (Australia)  
General Mills Australia Pty Ltd  
George Weston Foods Limited  
GlaxoSmithKline Consumer Healthcare  
Go Natural  
Goodman Fielder Limited  
Gourmet Food Holdings  
H J Heinz Company Australia Limited  
Harvest FreshCuts Pty Ltd  
Healthy Snacks  
Hela Schwarz  
Hoyt Food Manufacturing Industries P/L  
Hungry Jack's Australia  
Johnson & Johnson Pacific Pty Ltd  
Kellogg (Australia) Pty Ltd  
Kerry Ingredients Australia Pty Ltd  
Kimberly-Clark Australia Pty Ltd  
Kraft Foods Asia Pacific  
Laucke Flour Mills

Lion Nathan National Foods Limited  
Madura Tea Estates  
Manildra Harwood Sugars  
Mars Australia  
McCain Foods (Aust) Pty Ltd  
McCormick Foods Aust. Pty Ltd  
McDonald's Australia  
Merisant Manufacturing Aust. Pty Ltd  
Nerada Tea Pty Ltd  
Nestlé Australia Limited  
Nutricia Australia Pty Ltd  
Ocean Spray International Inc  
Parmalat Australia Limited  
Patties Foods Pty Ltd  
Procter & Gamble Australia Pty Ltd  
Queen Fine Foods Pty Ltd  
QSR Holdings  
Reckitt Benckiser (Aust) Pty Ltd  
Sanitarium Health Food Company  
Sara Lee Australia  
SCA Hygiene Australasia  
Schweppes Australia  
Sensient Technologies  
Simplot Australia Pty Ltd  
Spicemasters of Australia Pty Ltd  
Stuart Alexander & Co Pty Ltd  
Sugar Australia Pty Ltd  
SunRice  
Swift Australia Pty Ltd  
Tasmanian Flour Mills Pty Ltd  
Tate & Lyle ANZ  
The Smith's Snackfood Co.  
The Wrigley Company  
Tixana Pty Ltd  
Unilever Australasia  
Vital Health Foods (Australia) Pty Ltd  
Wyeth Australia Pty Ltd  
Yakult Australia Pty Ltd  
Yum Restaurants International

#### Associate & \*Affiliate Members

Accenture  
Australian Pork Limited  
ACI Operations Pty Ltd  
Amcor Fibre Packaging  
\*ASMI  
AT Kearney  
BRI Australia Pty Ltd  
\*Baking Association Australia  
CAS Systems of Australia  
CHEP Asia-Pacific  
CSIRO Food and Nutritional Sciences  
CoreProcess (Australia) Pty Ltd

Dairy Australia  
Food Liaison Pty Ltd  
FoodLegal  
\*Foodservice Suppliers Ass. Aust.  
\*Food Industry Association QLD  
\*Food Industry Association WA  
Foodbank Australia Limited  
\*Go Grains Health & Nutrition Ltd  
Grant Thornton  
GS1  
Harris Smith  
IBM Business Cons Svcs  
innovations & solutions  
KN3W Ideas Pty Ltd  
KPMG  
Leadership Solutions  
Legal Finesse  
Linfox Australia Pty Ltd  
Meat and Livestock Australia Limited  
Monsanto Australia Limited  
New Zealand Trade and Enterprise  
RQA Asia Pacific  
StayinFront Group Australia  
Strikefoce Alliance  
Swire Cold Storage  
Swisslog Australia Pty Ltd  
The Food Group Australia  
The Nielsen Company  
Touchstone Cons. Australia Pty Ltd  
Valesco Consulting FZE  
Visy Pak  
Wiley & Co Pty Ltd

#### PSF Members

Amcor Packaging Australia  
Bundaberg Brewed Drinks Pty Ltd  
Schweppes Australia Pty Ltd  
Coca-Cola Amatil (Aust) Limited  
Golden Circle Limited  
Lion Nathan Limited  
Owens Illinois  
Visy Pak

#### QSR Forum Members

McDonald's Australia  
Hungry Jack's  
Yum! Restaurants International (KFC and Pizza Hut)  
QSR Holdings (Red Rooster, Chicken Treat and Oporto)  
Subway Restaurants  
Eagle Boys Pizza Australia

# Australian Food and Grocery Council

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