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31<sup>st</sup> March 2011

Australian Packaging Covenant  
810 Pacific Highway  
GORDON NSW 2072

Attention: Mr Stan Moore, Chief Executive Officer

**Re: Action Plan for 2010 - 2013**

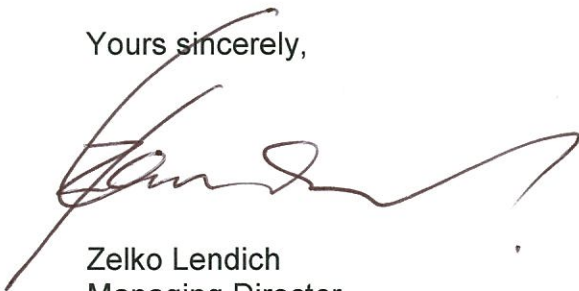
Dear Stan,

Farm Pride is pleased to submit this Action Plan to meet its obligations as a signatory to the Australian Packaging Covenant.

We are proud of the actions that have been taken by the company in adopting one of the most environmentally friendly packaging solutions delivered in Australia. 100% of the cartons include recycled content and they are 100% recyclable.

We are committed to continuing this tradition and striving to identify further opportunities by adopting the strategies presented in the Sustainable Packaging Guidelines.

Yours sincerely,



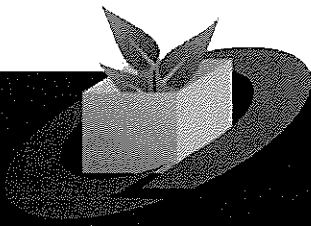
Zelko Lendich  
Managing Director.





# **Australian Packaging Covenant Action Plan 2010 – 2013**

**31 March 2011**



**Australian Packaging Covenant**

**AUSTRALIAN PACKAGING COVENANT  
ACTION PLAN JULY 2010 – JUNE 2013**

**Table of Contents**

	Page
Executive Summary	<i>i</i>
1 INTRODUCTION.....	1
2 COMPANY PROFILE.....	1
2.1 Overview .....	1
2.2 Key Facts .....	1
2.3 History .....	2
2.4 Products .....	2
3 CURRENT PACKAGING PERFORMANCE.....	3
3.1 Packaging Data.....	3
3.2 Packaging Production .....	4
3.3 Packaging Configurations .....	4
4 2010-2013 ACTION PLAN .....	5
5 APC CONTACT DETAILS.....	6
6 ACKNOWLEDGEMENT .....	6

Attached: Action Plan Summary Table

# **AUSTRALIAN PACKAGING COVENANT ACTION PLAN JULY 2010 – JUNE 2013**

## **EXECUTIVE SUMMARY**

Farm Pride Foods, represented by the Chief Executive Officer, became a signatory to the National Packaging Covenant on 20-July-01 and resigned the mark II Covenant, which came into effect on 15 July 2005. In 2010 Farm pride became a signatory to the Australian Packaging Covenant, which came into effect on 1 July 2010. The company has contributed financially in accordance with the NPCIA funding arrangements.

Farm Pride acknowledges signatory obligations and has accordingly developed this Action Plan in accordance with the new requirements. The Plan is specific to the Egg and Egg Products manufactured at the Keysborough site, through the contributions of a working team comprised of all relevant functional areas of the organisation including; Sales & Marketing, Purchasing, Financial, Manufacturing, and Technical representation. The Action Plan focuses on packaging that is typically recovered via kerbside recycling programs.

Whilst Farm Pride is proud of the environmental attributes of the packaging currently used for the consumer egg product range, the company recognises that there are potentially improvements that could be made. As a result the company is committed to adopting the strategies presented in the Sustainable Packaging Guidelines for new and existing products, which will be introduced over the next three years.

Internal arrangements have been established to ensure the implementation of this Action Plan in line with the proposed timeframe and in a manner that will see the company continue to take a proactive approach to reduce the environmental impacts of its packaging.

# AUSTRALIAN PACKAGING COVENANT ACTION PLAN JULY 2010 – JUNE 2013

## 1 INTRODUCTION

Farm Pride presents its Action Plan for the new Australian Packaging Covenant (APC). The Plan covers the period from July 2010 to June 2013. This period has been determined based on the expected time that will be taken to fully adopt the Sustainable Packaging Guidelines (SPG) and complete a review of the full range of existing products.

The Action Plan outlines details of the company and the current performance related to the design and use of packaging and the management of packaging waste at the company sites.

The Action Plan Summary Table outlines the projects that will be undertaken over the next 3 years by the APC Committee, which includes people from all departments within the organisation.

## 2 COMPANY PROFILE

### 2.1 Overview

Farm Pride Foods is an egg producer, grader, packer, processor, supplier, and marketer of shell eggs and processed egg products to both domestic & export customers.

Farm Pride is a user of packaging within the packaging chain and is committed to maximising shareholder value through the efficient supply of safe, quality food products. Farm Pride also operates an egg carton manufacturing plant that uses recycled carton material. Additionally, Farm Pride is committed to the management of relevant environmental issues, including the National Packaging Covenant, through the development, implementation, and maintenance of an integrated quality management system.

### 2.2 Key Facts

Trading Name:	Farm Pride Foods Limited
Annual Sales (A\$):	\$85M (Shell Egg Products Only)
Manufacturing Address:	551 Chandler Road, KEYSBOROUGH, Victoria, 3173.
Number of Staff:	130
Other Sites:	Operate a grading plant at Dora Creek NSW. Also have a number of egg farms that grade and pack eggs.

## 2.3 History

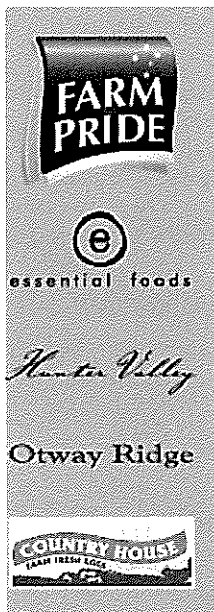
Farm Pride Foods was created from the conversion of the Egg Industry Co-operative to a public company, as described by the following summary.

- 1937 The Egg & Egg Pulp Marketing Board of Victoria, which later changed its name to the Victorian Egg Marketing Board (VEMB), was established. It governed the marketing of eggs and processed egg products in Victoria and sold eggs under the 'Farm Pride' brand.
- 1993 Egg Industry Co-operative Limited (EICL) was incorporated to facilitate the privatisation of the VEMB. The Victorian egg industry was deregulated.
- 1997 Farm Pride Foods was incorporated as a public company under the Corporations Law

## 2.4 Products

The business supplies a range of products for retail sales, as well as industrial and food service consumption. Shell Eggs have been the only retail product produced by the business but during 2010 a retail crepe product and a retail pack of whole egg powder were introduced. The volumes are currently very small.

This Action Plan focuses only on the shelled eggs consumer retail and food service products. The Shell Egg consumer brands include:



- Farm Pride, caged, free range, barn laid and omega 3 eggs.
- Country House caged eggs
- Hunter Valley caged and free range eggs.
- Chef's Selection and retail generic brands.
- Barossa Ridge SA caged eggs.
- Natures Dozen pizza pack 55 gm and 18 egg packs.
- Essential free range packs.

There are also generic brands that are packed for various retail outlets. These products use packaging similar to the Farm Pride brands listed above.

The main packaging suppliers are Carton Packaging (owned by Farm Pride) for egg cartons, Hutamaki for egg cartons, Visyboard for outer cartons, and Chep for plastic stretch wrap.

Our main customers for shell eggs are Woolworths, Coles, McDonalds, Aldi, IGA and a large number of smaller customers and distributors in the food service, bakery and restaurant business.

### **3 CURRENT PACKAGING PERFORMANCE**

Since becoming a Covenant signatory in 2001, Farm Pride has completed a number of actions as presented in previous Annual Reports. As a result of these actions, the company can now report the following details with respect to its existing packaging:

- The vast majority of egg cartons include 100% recycled content. Some customers specify that the cartons include a small % of virgin materials (up to 20%) to achieve a required design outcome
- 100% of the SKUs include packaging that is recyclable
- More than 90% of SKUs include a logo to promote the recycling of the packaging.

As a result, the packaging used for Farm Pride's Shell Egg products are one of the most environmentally friendly packaging solutions delivered in Australia. As a result of this existing high performance, there are fewer improvements available to the company than in previous years. However, Farm Pride remains committed to the Covenant principles and so will ensure that this high performance is maintained and where possible, improved.

#### **3.1 Packaging Data**

This 2009/10 Annual Report reported that in the 09/10 year:

- 3,134 tonnes of cardboard and polypropylene (labels) were used
- 3.1 mt of plastic stretch wrap was used
- 23,343 mt of packaged product was sold
- 89% of the packaging waste generated at the site was diverted from landfill

The packaging used by the company is handled in the following way by the various stakeholders in the supply chain:

- Retail cartons are recycled by consumers
- Outer boxes are recycled by retailers.
- Incoming shrink wrap to Farm Pride is by Sita.
- Damaged retail cartons and outer boxes are recycled at Farm Pride by Visy using a compactor.
- Divider cardboard sheets are reused or recycled if damaged or soiled.
- Wooden divider boards are reused after washing.
- Plastic filler trays are reused after washing and drying.
- Cardboard filler trays are reused where practical; slightly damaged and soiled trays are recycled, while heavily soiled and damp trays are sent to landfill.

### **3.2 Packaging Production**

A major development for the Company in 2006/2007 was the commissioning of a 1 dozen egg carton manufacturing plant (Carton Packaging). This facility utilises recycled packaging material, including waste cartons from our egg business that were previously sent to landfill or for recycling by others. Production at the plant is growing and the plant is running close to maximum production.

The plant uses old newsprint and magazines as a source of raw material as well as recycled egg cartons. There is a limit to the percentage inclusion of recycled material as the quality of the egg cartons are affected. We also maintain a close relationship with our main customers to recover waste materials suitable for the plant including Coles, Woolworths, McDonalds, Aldi, IGA and others.

### **3.3 Packaging Configurations**

The packaging includes the following as listed below, inner retail cartons, outer boxes and pallet packaging for caged, free range barnlaid and omega 3 eggs, pallet and additional packaging that is used and the packaging that is reused or recycled.

- A. Inner retail cartons.
  - 1. 1 dozen cartons.
  - 2. Half dozen cartons.
  - 3. 10 egg cartons.
  - 4. Filler trays of 30 eggs, 20 eggs.
  - 5. Pizza filler pack carton pack packed on a pallet.
  - 6. 18 egg retail carton bulk packed on a pallet.
  
- B. Outer boxes.
  - 1. 15 dozen outer cartons for 1 dozen and half dozen retail cartons.
  - 2. 15 dozen filler tray outers.
  - 3. 12 dozen outer for 10 egg cartons.
  - 4. 12 dozen outer for Coles.
  - 5. 15 dozen 20 egg filler tray outer.
  
- C. Pallet and additional packaging used.
  - 1. Cardboard corners for interstate pallets.
  - 2. Shrink wrap.
  - 3. Cellotape for box sealing.
  - 4. Divider cardboard sheets for bulk packed filler trays.
  - 5. Wooden divider boards for ungraded pallets.

#### **4 2010-2013 ACTION PLAN**

The Action Plan Summary Table is attached. It outlines the projects that will be completed over the duration of the three year period to respond to the new requirements of the APC.

The work to be completed in this period will build on the initiatives that have been completed over the last few years to reduce the amount of packaging waste that is consumed and the amount that is sent to landfill. These initiatives have included:

- The replacement of cardboard trays with reusable plastic trays for the delivery of eggs to commercial customers (90% replacement) and the delivery of cracked eggs to the Egg Products division (85% replacement). This has resulted in the reduction of material use and the reduction of landfill waste resulting from contaminated cardboard trays.
- The introduction of a new system for pallet wrapping in conjunction with Chep Australia, which results in only a third of the plastic that was previously consumed.
- Trialing plastic divider boards between stacks of eggs on a pallet to reduce the need for plastic shrink wrapping around the pallet.

In addition, the company will develop systems for the review of new and existing packaging, which will be developed in line with the strategies contained in the Sustainable Packaging Guidelines.

The Action Plan Summary Table has been structured to address the three performance goals of the Covenant:

1. Design – Packaging optimised to achieve resource efficiency and reduced environmental impact without compromising product quality and safety.
2. Recycling – The efficient collection and recycling of packaging
3. Product Stewardship – a demonstrated commitment to product stewardship by the supply chain and other signatories

There are 9 key performance indicators (KPIs) under the new Covenant although not all of these KPIs are directly applicable to Farm Pride.

Updates will be made to the list of actions as part of the Annual Reports to show the progress that has been made and any variations that are needed based on the findings in the previous year.

## **5 APC CONTACT DETAILS**

Contact details on matters relating to Farm Pride and the APC Action Plan:

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Business Development Manager

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## **6 ACKNOWLEDGEMENT**

Farm Pride acknowledges the assistance provided by GreenChip consultants in the preparation of this Action Plan.

**Attached:** Action Plan Summary Table

## ACTION PLAN SUMMARY TABLE

APC Goals	KPI	APC 2015 Target	2010 Baseline	2011 Target	2012 Target	2013 Target
<b>1. Design –</b> optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety	KPI 1 Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging	70% of Covenant signatories with documented policies and procedures for evaluating and procuring packaging using the SPG or equivalent	There are currently no documented procedures for assessing the environmental impacts of consumer packaging.	Q4. Develop packaging guideline for assessing new and updated designs against Sustainable Packaging Guideline strategies.	Q3. Implement new packaging guideline	Q1. Conduct an internal review of the 2012 year to assess the effectiveness of the packaging guideline in identifying and delivering environmental and cost savings.
		Assessing 100% of new packaging against the SPG			From Q2. Assess 50% of new products using packaging guideline.	From Q1. Assess 100% of new products using packaging guideline.
		Assessing 50% of existing packaging against the SPG				By Q4. Assess the shelled egg product ranges following the packaging guidelines.

## ACTION PLAN SUMMARY TABLE

APC Goals	KPI	APC 2015 Target	2010 Baseline	2011 Target	2012 Target	2013 Target
2. Recycling – the efficient collection and recycling of packaging	KPI 2 National recycling rate for packaging	Continuous improvement in the recycling rate	Farm Pride currently diverts 89% of packaging waste from landfill	Maintain or improve the recycling rate.	Maintain or improve the recycling rate.	Maintain or improve the recycling rate.
	KPI 3 Proportion of signatories with on-site recovery systems for recycling used packaging	Continuous improvement in the recycling rate	The landfill diversion rate is achieved by recycling cardboard and plastic film.		Investigate ways to reduce contamination of packaging to allow increased levels of cardboard recycling rate.	Implement improvements to increase cardboard and plastic waste recycling rates.
	KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging	All Covenant signatories will have a formal, documented policy of buying recycled products or materials	There is currently no documented procedure for buying recycled products or materials. However, Farm Pride consumes a substantial quantity of recycled materials in the production of the egg cartons.	Q4. Determine the baseline percentage of recycled content in the egg cartons and the percentage of this amount that is post consumer recycled material.	Q2. Determine where it is commercially and technically feasible to increase the amount of recycled content.	Q1. Implement changes to recycled content with a priority given to post consumer recycled materials.

## ACTION PLAN SUMMARY TABLE

APC Goals	KPI	APC 2015 Target	2010 Baseline	2011 Target	2012 Target	2013 Target
<b>3. Product stewardship –</b> a demonstrated commitment to product stewardship by the supply chain and other signatories	KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging	70% of Covenant signatories are implementing formal policies and procedures in working with others to improve design, procurement and recovery of packaging	There are currently no documented procedures for working with others to assess the environmental impacts of consumer packaging.	Q4. During the development of the packaging guidelines, key suppliers will be consulted to seek their views.	Q2. Once the packaging guidelines have been finalised they will be forwarded to all suppliers to indicate the process that will be followed in reviewing all new and existing packaging.	Q1. As part of the internal review, suppliers will be consulted to seek their views on the effectiveness of the packaging guideline in identifying and delivering environmental and cost savings.
	KPI 7 Proportion of signatories demonstrating other product stewardship outcomes			Nothing planned	Nothing planned	Nothing planned
	KPI 8 Reduction in the number of packaging items in the litter stream	Continuous reduction in the number of packaging items in litter	The Farm Pride product range is not considered to be a litter risk and therefore this KPI is not considered to be applicable to the company.	Nothing planned	Nothing planned	Nothing planned