




8 March 2018

Plastic Bag Ban  
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To whom it may concern,

**Re: SUBMISSION by National Retail Association in response to: “Implementing a lightweight single-use plastic bag ban in Western Australia” discussion paper.**

The National Retail Association (NRA) welcomes the Environment Minister’s approach to reducing the environmental and social impacts of lightweight (single-use) plastic shopping bags.

The NRA understands that the Government has adopted a state-based approach to a national issue and applauds them for making the bans as consistent as possible to address the concerns of national retailers. The NRA supports a nationally consistent policy on the ban of lightweight, single-use plastic bags (including biodegradable bags) at less than 35 microns.

The NRA also supports the exclusion of barrier bags, product packaging and thicker plastic bags (or ‘boutique’ bags) from the ban to ensure that health and safety standards are met and consumers are able to access affordable alternative bags. Retailers should also be able to decide whether or not to charge for alternative bags made of paper, cloth, heavy-weight plastic, or a combination.

However, it is important that the costs of a decision to ban lightweight plastic bags are kept to a minimum to mitigate the impact on already stretched household budgets and already extended small businesses. Any change in legislation needs to have wide-level support and understanding by those affected by it. The government needs an industry-led, multi-faceted approach to education, engagement and communication of both retailers and consumers, of which nothing has been seen to date.

Though the NRA supports the Government's decision to ban lightweight, single-use plastic shopping bags with the aim of reducing the impact of litter on our natural environment, the impact on retail businesses will be substantial. For this reason, we believe an implementation date of 1 July 2018 is unrealistic and ill-considered. In other states, the implementation of a ban has been accompanied by a comprehensive education and engagement campaign for both retailers and consumers. To date - just four months out from the proposed commencement

date – no such program is underway in Western Australia. By contrast, Queensland – which has the same starting date as proposed in WA – has been undertaking a state-wide readiness campaign with retailers for more than nine months. In the final two months before the ban commences, the focus of this campaign will shift to consumers to remind them of their obligations. The NRA strongly recommends that the West Australian Government defer its bag ban for at least twelve months, to allow for such a campaign and for other transitional arrangements which are outlined in this submission.

## 1. About the National Retail Association

The National Retail Association (NRA) is Australia's most diverse and representative retail industry organisation, servicing some 20,000 stores and outlets nationwide. We are a not-for-profit organisation built on strong relationships with our members.

We exist to help retail and service sector businesses succeed and grow within an ever-changing regulatory environment. Our services are delivered by highly trained and well-qualified in-house experts with industry specific knowledge and experience. We provide professional services and critical information right across the retail industry, including national retail chains and thousands of small businesses, independent retailers, franchisees and other service sector employers.

NRA members represent all of the sub-categories of retail including supermarkets, groceries, department stores, household goods, fashion, electronics, hardware and personal services like hairdressing and beauty. In addition, the NRA represents food retailing and take-away businesses which are also acutely affected by a plastic bag ban.

## 2. Background

Australians consume many millions of plastic bags per year, primarily in order to carry objects from the point of retail sale to their homes. The bags are then discarded into the official waste stream to landfill, some are reused as bin liners and then discarded as landfill, and a proportion are discarded illegally as litter or other deliberate activities.

NRA members are convinced by current research that indicates plastic in our environment has negative impacts upon marine wildlife including birds, fish and endangered turtles. Plastic litter also impacts visual amenity and detracts from a tourist economy.

We are also convinced that retailers and their customers share the Western Australian Government's concern about the harmful impact of littering on the environment and subsequent economic impact on the State. Local governments play an important role in ameliorating the impacts of disposable plastic, but the expense is ultimately borne by our communities.

For many years, retailers across Australia have been proactive in environmental initiatives, making alternative bags available for at least a decade, promoting their use with subtle messaging, and providing in-store recycling.

The retail sector has also worked collaboratively with governments and other stakeholders in jurisdictions where bans on various types of plastic bags have been legislated. The issue for retailers has been the need for a consistent approach across the states and across all retail businesses to reduce complexity, increase consumer understanding, and to produce targeted and consistent communications.

Bans on lightweight plastic bags have been in place internationally for 15 years and many national chain stores have proactively implemented alternatives. For example: many stores already stock reusable bags for sale; many categories of retail offer reusable plastic bags or have products that limit lightweight plastic bags use; many retailers voluntarily offer free alternatives to disposable plastic bags; and retailers like ALDI have never provided free plastic bags.

### **3. Size & Impact of the Retail Industry in Australia**

There are almost 140,000 retail businesses in Australia. The retail industry is one of Australia's largest employers, employing approximately 1.2 million people or 10.7 per cent of the total working population. Reflecting this, the retail industry also makes a significant contribution to economic output, turning over more than 300 billion in the 2017 calendar year, according to the Australian Bureau of Statistics.

It is important to understand that a ban on lightweight, single-use plastic bags will affect not just 'traditional' retailers such as supermarkets and fashion stores, but will apply to the fast food, takeaway, café and restaurant sectors as well.

<https://www.pc.gov.au/inquiries/completed/retail-industry/report/retail-industry.pdf>

This is an aspect of the proposed ban that is not widely understood among consumers, and indeed among many retailers themselves. While research shows that consumers are generally supportive of banning single-use bags, they concurrently expect to be able to receive them for some retail purposes, including takeaway food. This is one of the reasons the NRA advocates delaying the West Australian ban to ensure consumers are properly educated in advance.

### **4. National Consistency**

The NRA stresses the need for a nationally consistent policy of a ban on lightweight, single-use plastic bags (including biodegradable bags) which are less than 35 microns. Four jurisdictions have already implemented legislation (South Australia, Tasmania, Australian Capital Territory and Northern Territory) and Queensland is in the process of implementing legislation to reduce the use of lightweight single-use plastic bags.

The standard that has been used to date to define a lightweight, single use plastic bag is one that is less than 35 microns in thickness. As such, this is the most logical standard to adopt for a national scheme.

The NRA does not support a plastic bag levy or voluntary agreements to reduce lightweight

plastic bags as these options would be inconsistent with other jurisdictions. This would create confusion for consumers and retailers, would have limited impact on reducing plastic pollution, and could result in significant disadvantages for small businesses.

Keeping consistent with bans in other states, barrier bags should be exempt from the ban for all retailers in every category to ensure the health and safety needs of unpackaged food are met. Barrier bags are used in fresh food areas commonly in fresh produce, meat products and delicatessen.

Similarly, heavy-weight, reusable plastic bags (or 'boutique' bags) should be exempt from the ban, as they are in other jurisdictions. Such bags can enable retailers to ensure that health and safety standards are met and that consumers are able to access affordable alternative bags. Retailers should also be able to decide whether or not to charge for alternative bags.

As in other jurisdictions, the ban needs to be universal and not be qualified by the type or size of individual retail businesses. A ban which excludes some businesses because of size or type of store will be ineffective in preventing lightweight single-use plastic bags from entering the litter stream.

As witnessed in other jurisdictions, sufficient lead time, education campaigns and engagement strategies must be employed to allow suppliers, retailers and consumers to prepare. The primary message for the public is one of litter reduction. The NRA emphasizes the need for co-branded communications and messaging involving both the State Government and retailers to ensure messages are uniform and consistent across the industry.

The NRA stresses that an implementation date of July 2018 does not allow enough time for suppliers, retailers and consumers to prepare and make the transition away from lightweight plastic bags. This issue is compounded by the lack of a comprehensive retailer education and engagement campaign to date. In comparison, the Queensland Department of Environment has activated comprehensive stakeholder engagement strategies since June 2017 based on the same commencement date of 1 July 2018.

## **5. Consumer Considerations**

Each week Australian retailers serve millions of customers who make over 60 million visits to supermarkets, liquor, convenience, fast food and take away stores.

We are seeing low levels of inflation overall – for example as technology lowers the price of household electronic goods, strong competition drives down food and groceries. There is no room for complacency as other components such as utilities, childcare, health and education have risen faster than inflation. All of this is placing significant pressure on household budgets and this, in turn, is contributing to cautious consumer spending.

Modern retail consumer behavior is also changing, with consumer shopping excursions being less planned and somewhat spontaneous. Australian customers have differing shopping needs

and budgets resulting in different frequency of shopping, basket sizes and total spend. The solution needs to be tailored towards the needs of the consumer, limiting volume and rewarding reuse.

In general, customers are supportive of a ban on lightweight plastic bags and have adapted quickly to bans in other jurisdictions. For example:

- South Australia's ban was implemented in 2009 and led to a 45 per cent reduction in plastic waste.<sup>1</sup>
- A review of the ACT's ban in 2014 revealed that more than 70 per cent of respondents did not want the ban overturned.

However, it is important that the costs of a decision to ban lightweight plastic bags are kept to a minimum to mitigate the impact on already stretched household budgets and already extended retail businesses.

Customers must have access to an affordable alternative bag. Despite their best intentions, customers will sometimes forget to bring their reusable bags. This is increasingly an issue as Australians today work more varied hours and households switch from doing one big shop per week towards doing several smaller shops on the way home from work, study or parenting tasks. As such, retailers will need to be able to offer customers some way of transporting their purchases home at the point of sale in the event that they do not provide their own bags.

Alternative bags are substantially more expensive per unit than the lightweight single-use plastic bag, ranging from 5 to 30-fold more expensive. The legislation must allow retailers to recoup this increased cost by placing no restrictions on the retailer's ability to charge for alternative bags.

Most supermarkets have introduced a range of alternative bag options, starting as low as 15 cents for a reusable plastic bag all the way up to a few dollars for elaborate cloth bags. While many retailers will barely cover costs with a bag charge, this provides the customer with an array of options to suit all budgets. In addition, this change alone (charging for bags) has been shown to alter consumer habits reducing bag consumption in units by as much 85 per cent.

The NRA emphasizes the need to minimise the financial impacts on both households and retailers by allowing businesses to provide affordable and suitable alternative bags to their customers - whether they be paper, cardboard, reusable plastic, or cloth - with the freedom to charge a small fee for these more expensive alternatives.

## **6. Impacts on Business**

Though most retailers support a ban on lightweight, single-use plastic bags in order to reduce litter and waste, the impacts on their businesses are substantial and must not be

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<sup>1</sup> [http://www.zerowaste.sa.gov.au/upload/resource-centre/publications/plastic-bag-phase-out/PBActReview\\_maspin\\_Nov2012\\_2%20-%20final.pdf](http://www.zerowaste.sa.gov.au/upload/resource-centre/publications/plastic-bag-phase-out/PBActReview_maspin_Nov2012_2%20-%20final.pdf)

underestimated.

Based on the impact witnessed in other jurisdictions, the NRA anticipates that the impact on productivity for businesses in Western Australia will amount to tens of millions per annum.

### **6.1 Extensive process to enact change**

To prepare for a ban on lightweight plastic bags, retailers will need to perform most of the following processes in the months leading up to the ban:

- Hear about the legislation via an education or engagement campaign;
- Learn about the legislation, what is banned and what is allowed;
- Assess their current bags for compliance;
- Contact their current suppliers for micron verification as it is not current industry standard to include these details on orders or invoices;
- Undertake analysis to determine affected transactions, average basket count, product margins, and consumer willingness to pay;
- Research alternatives available in their region, assuming local suppliers have been well-educated in the legislation beforehand;
- Weigh up alternatives based on many factors including price, suitability, quality, availability, brand alignment and target market appeal;
- Order samples of alternative bags to assess physical attributes and test suitability;
- Verify supplier claims to ensure supply chain integrity;
- Negotiate contractual changes or defaults where long-term agreements between supplier and retailer exist;
- Plan and implement a phase-out program for banned bags including when they will cease ordering, shipping and dispatch while not leaving any stores without bags;
- Order accurate quantities of alternative bags, allowing for manufacture, shipping and dispatch;
- Retrain all supply chain personnel responsible for ordering, shipping, quality-testing and dispatch of bags;
- Redesign, manufacture and install point-of-sale fixtures and counters to fit alternative bags;
- Notify, educate and retrain all customer service personnel in handling alternative bags in a safe and efficient manner;
- Notify customers of the impending change to minimize negative or aggressive behavior being directed at retail staff;
- Roll-out the change-over program with minimal disturbance to the customer experience and minimal risk to staff; and
- Dispose of unused banned bags in a responsible manner.

These processes will take a minimum of 18 months for most retailers. Therefore, the NRA strongly believes that the commencement date of July 2018 is unrealistic as it does not allow enough time to inform and educate retailers, let alone allow enough time for retailers to

research alternatives, exhaust their current supplies, change business processes and train their staff.

### **6.2 Alternative bags cost at least 5 times more**

All alternative carry bags, such as thicker plastic, paper, cardboard, fabric or mesh bags, are at least 5 times more expensive per unit than lightweight single-use plastic bags. While retailers have previously absorbed the cost of bags, this will not be a viable option for many businesses, particularly small businesses and those with already low margins.

If a ban is enforced but consumer habits do not change, that is, consumers don't provide their own bag or are not willing to pay for a bag, it follows that business costs will increase substantially and will jeopardise the viability of some businesses.

As one of the largest employers in the nation, increased costs of doing business in the retail industry can have substantial implications for the economy.

### **6.3 Consumer willingness to pay**

For decades, consumers have expected retailers to provide a carry bag free-of-charge for every sale, if not multiple bags. This has resulted in massive volumes of plastic bags being expected and used by consumers each day, highlighting that the key objective of the legislation is to change consumer habits and expectations.

Though there is evidence that the willingness to pay a small charge for alternative bags has increased over the last decade, there is similar evidence of some retailers being met with consumer backlash when attempting to introduce a bag fee.

Significant emphasis should be placed on educating consumers in the lead up to a ban, particularly on increasing consumer willingness to pay a reasonable fee for alternative bags. This needs to be government-driven to reduce the risk of negative backlash against retailers and their staff.

### **6.4 Health and safety risks**

As alternative or consumer-supplied bags vary in size, strength and quality, retailers need to consider serious health and safety implications for their customers and their staff.

On average a lightweight plastic bag is designed to safely carry 4-6 kg, meaning that an employee packing 1000 bags per day can lift tonnes of goods. Many reusable bags have a larger capacity and could fit more items meaning consumers have demonstrated a tendency to ask employees to overfill these bags either because they haven't brought enough bags or are unwilling to pay for additional bags.

To prevent workplace injuries, fatigue and health issues, retailers will need to reassess systems and processes such as:

- maximum lifting weights and ways to measure this,

- additional breaks for packing staff exposed to heavier weights,
- retraining of team members in safe handling of alternative bags, and
- retraining of team members to politely refuse dirty or unsafe bags.

Retailers must also be acutely aware of the health and safety of their customers; our research indicates customers will fill their reusable bags with more items to limit costs. This will change consumer and retailer behavior and lead to provision of food-safe, durable clean bags that suit wet or heavy products.

### **6.5 Human Resource and Retraining costs**

As outlined in 6.1, retailers will face a myriad of decisions and changes, and while some may be able to devote staff to these tasks, most small to medium business owners will need to absorb these into their existing schedule.

Business owners will need to invest time or staff resources to research, compare and source alternative bags in the lead-up to the ban. They will also need to retrain existing staff in safe handling and packing of new or customer-provided bags.

As witnessed in other jurisdictions, retail staff are usually subjected to consumer complaints and aggressive behavior from members of the public who disagree with, or feel inconvenienced by, a bag ban. In many cases, consumers assume that regulations are a policy of business and vent their frustrations at retail service personnel, so staff will need to be prepared for and trained in handling consumer complaints.

Support needs to be provided via retailer engagement and government-led education of the public. Should retailers be left in a position where they lack the time or resources to properly prepare their teams, the impact on employees in the retail industry would be substantial.

### **6.6 Refitting costs**

Many retailers use point-of-sale fixtures designed to hold a specific style and weight of carry bag which are often part of cabinetry and structures custom-designed for that purpose. These fixtures have been refined over time to provide efficient use of space and optimal comfort and safety for team members. Most point-of-sale counters have been constructed with pigeonholes and hooks measuring the exact dimensions of lightweight singlet-style bags.

With the removal of lightweight singlet bags and an infinite variety of bags supplied by customers, many retailers will be forced to reassess a significant area of their store, outlaying substantial costs to refurbish fixtures and cabinetry to accommodate new and ever-changing bag types.

### **6.7 Unused banned bags**

As many packaging manufacturers and resellers require quite large minimum orders, retailers order and pay for carry bags in bulk and well in advance, sometimes years in advance. For



example, one NRA member commented that their most recent bag order was in early 2017, (prior to the ban announcement) in which they ordered and paid for enough stock to last five years.

Retailers will need to recycle or dispose of unused stock by the ban implementation date, incurring substantial and uncompensated costs on their business. Should retailers not be given a reasonable amount of time to renegotiate packaging contracts and to phase out their existing large stocks of banned bags, the Western Australian government will need to consider some form of reimbursement.

### **6.8 Productivity costs**

Given the varying shapes and sizes, alternative and customer-provided bags tend to take longer to pack at the check-out. Longer wait times at checkouts can decrease customer satisfaction or increase cart abandonment, and ultimately impact retail sales.

Retailers will also need to reconfigure self-serve checkouts to enable the display of alternative bags and minimise theft.

### **6.9 Supply chain limitations**

Suppliers will also need sufficient time to source cost-effective alternatives for retailers to choose from. This will need to occur several months before retailers begin researching and comparing alternatives. From NRA's current engagement on the Queensland bag ban, suppliers have reported that they need 12 to 18 months to prepare before a ban commencement date.

It is vitally important that retailers are provided certainty in the legislation, and that those who take the necessary steps to ensure their bags are compliant are protected under the law. The NRA believes that the Western Australian legislation should include severe penalties for anyone who provides misleading or false information about banned bags, such as those described in Section 99E in Queensland's bag ban legislation.

Though many Australian suppliers and resellers of bags will abide by the ban given such penalties, much of the packaging supply chain is now located offshore with unscrupulous manufacturers potentially able to avoid prosecution. Retailers also face the risk of inflated prices for alternative bags and will need to rely on market forces and competition to reduce opportunism.

Given enough lead time, the NRA could liaise with Western Australian suppliers and retailers to ensure they are aware of their obligations, a role we are currently performing in Queensland.

## **7. Highlighting small business concerns**

The NRA recommends that the lightweight plastic bag ban applies to all retailers in Western Australia regardless of size to ensure the legislation is fair, consistent and easy for both retailers and consumers to understand.

Many NRA members, including some retail chains, are already complying with similar schemes

interstate, or have initiated their own proactive environmental and waste policies. These businesses have experience and capabilities gained from operating in other jurisdictions where similar measures have already been implemented.

However, attention is warranted for the tens of thousands of small or franchised retail businesses across Western Australia, who collectively can make a difference when it comes to the environmental impacts of improving current industry practices. Many of these businesses do not have a presence in other states and will face an array of challenges and decisions in the lead-up to the ban. It will be very important for these businesses have the time and support to understand the impacts on their business.

Of note, regional areas of Western Australia have a higher proportion of small business owners and the needs of these businesses cannot be anticipated in all cases and may require further engagement.

In the face of so many complex areas of compliance many businesses already feel overwhelmed by the total regulatory burden, are not properly aware of or compliant with their existing regulatory requirements and would appreciate some support or assistance when new regulations are introduced.

## **8. Timing**

At this point, less than four months out from the proposed commencement date, the legislation is largely unpublicised and the detail is yet to be made available.

We believe that most Western Australian retailers – particularly smaller retailers or those located in regional or remote areas - are not fully aware of the impending ban and its implications for their business. Similarly, suppliers are still selling large volumes of lightweight plastic bags to retailers across the state, meaning many retailers will be left with stockpiles of banned bags and heavy financial losses.

Our experience in other jurisdictions demonstrates that retailers generally require 18 months to learn about and implement this policy. A commencement date of 1 July 2019 would be the earliest reasonable date to allow our members enough time to ensure that processes are in place to address any issues with suppliers, warehouses and the greater logistics chain. This commencement date would also provide sufficient opportunity for a comprehensive retailer engagement program and a government-led public information campaign.

We submit that a reasonable period of 18 months is necessary for retailers to transition to the new arrangements and a shorter period will have substantial cost implications for businesses and could jeopardise retailers' ability to comply. Many of the reasons for this are outside retailers' control due to existing supply chain contracts, existing stock levels of bags, lack of control over when suppliers will have alternative bags available, and supply lead times to source, design, ship, dispatch and introduce new bags.

If a shorter transition period is introduced, the Government may need to look at introducing a buy-back of stockpiles or paying out of existing contracts.

It is also important to ensure that implementation does not coincide with any major retail events (such as Christmas or Easter).

## **9. Retailer Engagement & Consumer Education**

### **9.1 Retailer engagement**

Whenever legislation is introduced or amended by Government, there is a responsibility to properly inform, educate and prepare those most affected by it.

The NRA commends the Government's partnership with *Boomerang Alliance*, as outlined in the Discussion Paper, to represent community and environmental interests, however as the legislation specifically applies to retailers, we stress the need for a comprehensive industry-led program of retailer engagement and assistance leading up to and after the ban.

We are concerned by the apparent lack of a comprehensive retailer engagement plan given the commencement date is less than four months away.

Retailers are notoriously difficult to reach via traditional channels, such as media and community meetings, as they spend their day in their stores with customers. Retailers also need advice and solutions tailored to their category, for example, fast food retailers have very different packaging needs compared to pharmacies or fashion stores. In addition, retailers need advice and resources on educating and helping their customers to transition as retail staff will, in reality, bear the brunt of consumer reactions to the ban. A solitary consumer campaign or a generic community campaign will not provide adequate information, assistance and resources to prepare retailers.

### **9.2 Consumer education**

Any ban needs to be accompanied by a comprehensive consumer education program to ensure consumers understand the reasons behind the change in legislation and exactly what that change is. This educational campaign will need to be informed by the consumer study, occur over multiple platforms and run for several months prior to any changes being introduced as well as in the months that follow.

A government information campaign prior to, and long after the implementation date, is essential so that consumers are:

- aware of, and understand, the legislated changes specific to Western Australia;
- aware that this is a government initiative and that penalties apply for retailers which do not comply;
- more likely to understand the changes retailers may need to make such as charging for alternative bags;
- able to start changing their habits prior to the ban deadline;
- less likely to take out their frustration or confusion on retail; and

- are more likely to accept the ban when it comes into effect and into the future.

We emphasize the need for co-branded communications and messaging for the consumer to ensure messages are uniform and consistent.

### **9. Enforcement**

The effectiveness of legislation to reduce the number of plastic bags in circulation is dependent upon Government implementation and the enforcement processes in place. In countries where transition assistance was lacking or enforcement has been inconsistent, bans have had little impact.

We also submit that an industry-led body such as the NRA should be engaged in a mediating role for at least 12 months after the ban comes into effect.

### **10. Conclusion**

We hope that by coming together and forming a unified view on any plastic bag policy, retailers have demonstrated that we want to make a positive contribution to your deliberations around a way forward.

Our members are eager to be an active part of any solution and the NRA are well placed to assist with this. We are currently engaged by the Queensland Government to educate the Queensland retail community and to assist them in preparing for and managing the transition away from lightweight plastic bags over an 18-month lead-in period.

Any change in legislation needs to have wide level support and understanding by consumers. When the Government proceeds, we are keen to assist with the development and implementation of key messages which will ensure the impact on customers is kept to a minimum in terms of both cost and inconvenience.

We reiterate that though the NRA supports the introduction of a nationally-consistent ban on lightweight plastic bags less than 35 microns in Western Australia, we object to the proposed commencement date as this is unrealistic, unprepared, and places unreasonable burden on retailers, suppliers and consumers.

Sincerely,



**David Stout**

Manager of Policy

National Retail Association