



Australian
Retailers
Association

ARA Position on Banning Lightweight Plastic Bags

January 2018

Introduction:

The Australian Retailers Association (ARA) offers support, information and representation to over 7,500 retailers across the nation, representing more than 50,000 shopfronts. The ARA ensures the long-term viability and position of the retail sector as a leading contributor to Australia's economy.

The ARA represents Australia's most trusted retailers, from the country's largest department stores and supermarkets, to specialty retail, electronics, food and convenience chains, to mum-and-dad operators.


Preserving Consumer Choice:

The ARA does not support the key feature of the proposed measures in various jurisdictions – a ban on retailers supplying 'single-use' lightweight plastic bags to customers. To that effect, the ARA favours voluntary measures which focus on assisting customers in making informed choices on their use of lightweight plastic shopping bags.

The ARA is open to working with the State Governments on a range of options including a Code of Conduct to reduce usage and promote alternatives.

Our members are industry leaders in initiatives to promote the use of reusable bags in place of single-use plastic bags, and in the recycling of used lightweight plastic bags. Notwithstanding, the ARA does not support the introduction of measures which could potentially deny consumers choice, or disadvantage low-income individuals or small businesses. Preserving consumer choice should be a key priority and is preferable to a legislative measure, dictating to customers the type of bags they must use and, therefore, the costs that they must incur to do their weekly shopping.

While major supermarket chains have recently decided to phase out single-use plastic bags, many other retailers, including small and family-run convenience stores, continue to provide a range of options for consumers, allowing choice in the types of bags to carry purchases. Consumers who wish to do so can purchase re-usable bags, which are available in various



sizes and materials, including cold or freezer bags. Consumers are also provided with single-use plastic bags at no direct cost, should they prefer it.

Of note, the ARA also submits that the term 'single-use' is somewhat misleading in describing the functionality of lightweight plastic shopping bags. As an example, the vast majority of lightweight shopping bags provided by retailers are also re-used as bin liners. In jurisdictions where lightweight shopping bags have been banned, bags are now purchased (either at cost to the consumer or to the retailer) and then used as bin liners.

Consumer Costs:


The ARA is concerned about the impact of rising costs for consumers at all levels, and this extends to the associated effects of banning plastic bags.


Alternatives to lightweight plastic bags do not carry a neutral cost impact; heavier weighted bags and woven fabric bags, for example, are sourced by retailers at a greater cost. Various ARA members have estimated that cost to their businesses as more than *double* that of lightweight plastic bags.

In some cases, larger retailers are able (through sheer market penetration) to pass on this cost to consumers through a price-per-bag model, which their customers will generally accept. Conversely, most specialty retailers, low-cost retailers and small businesses do not have this option and may be forced to either absorb the costs or increase product prices. Some smaller supermarkets and convenience stores in particular may be pressured to absorb increased costs due to competition. This ultimately results in price increases and costs to both consumers and, subsequently, the economy.

The cost of purchasing reusable bags is an up-front cost and not an ongoing cost which can be spread evenly across a year. Inevitably, this cost is passed on to the consumer one way or another, be it a price-per-bag model or through price increases to product lines. Legislation which enforces the use of more expensive bags, therefore, has a disproportionate impact on low-income earners, who may not be able to afford sufficient reusable bags for their shopping needs when a ban is implemented.

Moreover, consumers who purchase re-usable bags may sometimes forget, or not be in a position to take these bags shopping. This increases the likelihood that consumers may be forced to purchase multiples of their average requirement of bags per year. At present, consumers may elect to use the currently available lightweight plastic bags for the occasional trip where they do not have reusable bags available. However, the proposal to ban these bags





means that consumers will potentially be forced to re-purchase reusable bags, meaning an unnecessary cost burden. Additionally, this may also lead to increased plastic waste as heavier-weighted plastic bags

Exemptions and Alternatives:

The ARA submits that any proposed ban on lightweight plastic bags should include a range of exemptions for some retailers. This includes retailers of food products, such as butchers, fresh food grocers, delicatessens, market stall operators and so on, who require lightweight plastic bags for food safety. This is especially important for products such as meats, dairy products and fresh fruits and vegetables, for which there is no viable, low-cost alternative.


Smaller retailers may also struggle to implement a ban on lightweight plastic bags, due to the cost of alternatives, and the lack of an economy of scale which would allow them to charge for alternative bags. A total ban may lead to a range of smaller retailers discontinuing the supply of shopping bags altogether, which will disadvantage consumers.


The ARA believes most retailers who currently provide lightweight plastic bags will switch to either heavier-weighted plastic bags, with some retailers opting for paper bags, and others opting not to provide bags at all. However, these options will depend on the type of retailer, their product offering, and their customer base.

Therefore, the ARA submits that a ban on lightweight plastic bags should not also include heavier-weighted plastic bags. Bans on lightweight plastic bags under 35 microns in other jurisdictions have led many retailers, including supermarkets, department stores and clothing retailers, to switch to heavier-weighted bags. For some retailers this is the only alternative to lightweight plastics, as other options such as paper are not suitable for bulky items, and are sourced at a higher cost. Placing a ban on heavier-weighted plastic bags would also leave legislation in some States inconsistent with other jurisdictions, which will increase costs for retailers; these costs will ultimately be passed on to consumers.

Implementation Date:

The ARA recommends a phase-out period of 18 months as the preferred option. To ensure ample time to educate business and consumers, any phase-out period should begin from the start of the next calendar or financial year after legislation is passed.





A total ban without a phase-out period will lead to significant costs for retailers and wasted resources. The ARA is also concerned that the absence of a phase-out period may result in some businesses dumping plastic bags into landfill en masse, or risk non-compliance by continuing to supply lightweight bags until resources exhaust.

The ARA submits that retailers will likely transition to the change by exhausting current resources before implementing alternatives. Most convenience retailers, such as supermarkets, department stores, low-cost retailers, and convenience stores, may elect to provide multiple options to consumers, such as woven fabric bags, heavier-weighted plastic bags, calico shopping bags, and even paper bags. However, this will be dependent on the type of retailer and the product lines on offer.

Consumers will also need time to adjust to a proposed ban on lightweight plastic bags. As mentioned, many consumers will forget to bring reusable bags on their shopping trips, and may incur extra costs by being forced to re-purchase reusable bags time-and-again.

Education:

The ARA sees it as vital that educating consumers about a potential ban to lightweight plastic bags is not solely the responsibility of retailers. Retail staff should not bear the burden of the practical implications for consumers should information campaigns be limited or ineffective.


ARA members have requested collateral material from Departments of Environment to give to consumers, which may assist in offsetting the cost of implementing the ban. However, to provide clarity to consumers of what to expect, multiple communication channels are preferable.


This should also clearly state to consumers that the decision to remove the supply of lightweight plastic bags is not a cost-cutting exercise initiated by the retail sector.

Conclusion:

The ARA would again like to make clear the importance of allowing the supply of smaller lightweight plastic bags for food packaging, to mitigate health and safety issues. We note that the Government would find it impossible to find alternatives for food safety requirements for items such as bread, meat, poultry, fish, fresh produce, some dairy items, and other delicatessen-style foods.

The ARA is happy to work with the State Governments and the Departments of Environment to develop a Code of Conduct for Plastic Bags and advise on an education program to reduce





the environmental impact of plastics. This includes support for an expansion in plastics recycling initiatives, which would be championed in any Code of Conduct.

The ARA will continue to support an education-based approach to phasing out plastic bags, rather than a legislative approach. Providing consumers with choice and information about the options available to them has already delivered positive outcomes for the environment, and major retailers remain committed to assisting their customers with this approach.

The ARA is grateful for the opportunity to represent retailers' concerns around this issue. If you would like to discuss the ARA's submission or related matters, please contact Heath Michael, ARA Director of Policy, Government and Corporate Relations, at heath.michael@retail.org.au.

Kind regards,



Heath Michael
Director of Policy, Government & Corporate Relations
Australian Retailers Association

