

**INQUIRY INTO WASTE AVOIDANCE AND RESOURCE
RECOVERY AMENDMENT (PLASTICS REDUCTION)
BILL 2021**

Organisation: National Retail Association
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Submissions from:

THE NATIONAL RETAIL ASSOCIATION

- Representing over 28,000 retailers across Australia -

In response to:

**Waste Avoidance and Resource Recovery
Amendment (Plastics Reduction) Bill 2021**

Submitted 3 May 2021



ABOUT THE NATIONAL RETAIL ASSOCIATION

The Australian retail sector accounts for 4.1 percent of GDP and 10.7 percent of employment, which makes retail the second largest employer in Australia and largest employer of young people.

The National Retail Association (NRA) is Australia's largest and most representative retail industry organisation. We are a not-for-profit organisation which represents **over 28,000 outlets** from every category of retail including fashion, groceries, department stores, household goods, hardware, fast food, cafes and services.

The NRA Policy Team helps retail businesses succeed and grow within an ever-changing regulatory environment. We work with a wide range of industry stakeholders – retailers, government, law enforcement, regulatory bodies, shopping centres, community groups, supporting associations and many more – to develop industry-wide policy platforms or positions on issues affecting the Australian retail sector. We bring the insights and concerns of retailers to the table to ensure that regulation is realistic, cost-effective and manageable across all retail businesses.

We work proactively at international, federal, state and local government levels to ensure the interests and needs of the Australian retail and services sectors are protected and promoted. Rather than running from inevitable regulatory change, we provide a bridge between retailers and government – facilitating the exchange of ideas and information, which ultimately leads to more informed, commercially-aware outcomes for all parties.

Our action on sustainability

The NRA have a great track record when it comes to proactive initiatives that bring industry, government and community together to not only protect our environment, but deliver beneficial outcomes for all. Over the past few years, the NRA and our members have been instrumental in some of the most significant environmental changes in Australia, from over 3 billion lightweight plastic bags being prevented from consumption, to collaborating on key taskforces responsible for rolling out container deposit schemes, environmental legislation and voluntary product stewardship schemes.

From 2017, the NRA have been directly engaged by the Queensland, Western Australian and Victorian state governments to broker major retailer change and manage the education of over **70,000 retailers** in regards to state bag ban legislation. We are currently engaged by the SA and ACT Governments to provide business support and engagement services to thousands of small businesses regarding state-based single-use plastics bans.

We were also engaged by both Queensland and Western Australian governments to develop and deploy state-wide customer education and awareness campaigns supporting the introduction of each state's bag ban. These two campaigns reached over **5 million Australians** and contributed to significant consumer behaviour change. We continue to deliver complaint handling and auditing programs across Australia to ensure retailers comply with the relevant legislation.

In early 2019, we founded the **National Retail Sustainability Committee** which brings together experts from across the retail industry, government and associated agencies, to review and collaborate on retail sustainability initiatives. This Committee has already enabled increased shared knowledge and increased the ability of industry to commit to bold, consistent actions.

The NRA is also an **active member** in key taskforces, working groups and committees, including: the Australian Packaging Covenant Organisation (APCO); SA Single-Use Plastics Industry Reference Group; WA Container Deposit Scheme Advisory Group; ACT Single-Use Plastics Industry Reference Group; VIC EPA Small Business and Manufacturing Reference Group; Battery Stewardship Council; and Industry Supporter of Moving the Needle (reduce textile waste) program. We see our role as instrumental in bringing together stakeholders and ensuring retailer insight and perspectives are represented for positive, practical outcomes.

Given our extensive experience and knowledge in sustainability initiatives, we believe that the National Retail Association is well-placed to contribute to NSW sustainability policy moving forward.

SUBMISSIONS

The National Retail Association (NRA) welcomes the opportunity to make submissions to the *Waste Avoidance and Resource Recovery Amendment (Plastics Reduction) Bill 2021* (the Bill).

The NRA acknowledges the impact of plastic on the environment, particularly when disposed of incorrectly, and supports the aim of reducing the impact of litter on our natural environment. We submit that initiatives to reduce these impacts must be carefully-considered and assessed in order to create effective, viable and long-lasting improvements.

It is important to note that plastic is used by consumers and businesses for many valid reasons, including: meeting critical requirements and standards designed to prevent contamination and risk to human health; meeting consumer demand for convenience and mobility; meeting demand for products to be affordable and equitable to the majority of the population; meeting demand for products to be fit for purpose and intact upon purchasing; and meeting increasing demand to reduce food waste by reducing spoilage and extending shelf life.

For positive environmental impact to occur, we must have confidence and consensus in the alternatives designed to replace problematic plastics. Though much research has been done on the impact of plastic litter when it enters our environment, there is little consensus on what the ideal solutions are, that is: which alternatives should replace functional plastics; which solutions produce the best long-term environmental impact; which are practical and possible with current materials, technology and infrastructure; which are available and affordable in the Australian marketplace; and which has greater net public benefit.

We strongly disagree with any simplistic and impractical approach to sustainability initiatives, such as indiscriminate bans on products which have no safe or viable alternative, and unrealistic timeframes which fail to recognise the time needed for research, technology, logistics and customer behaviour to catch up to good intentions.

We contribute the following considerations based on contemporary research and industry expertise.

a. Retailers are actively pursuing and investing in sustainability

For many years retailers across Australia have been proactive in various environmental initiatives, investing heavily in innovation, increasing recycled content, promoting reusable and recyclable alternatives, funding in-store recycling programs and educating consumers about more sustainable choices.

A small sample of the initiatives undertaken by industry include:

- Bag bans & voluntary actions to remove lightweight plastic shopping bags
- Container deposit schemes
- Voluntary Code of Practice for sustainable shopping bags (under development)
- Commitment to National Packaging Targets
- Commitment to National Food Waste Strategy
- REDcycle program, which is funded by brand owners and retailers to collect and recycle soft plastics
- Salvos Stores 'Moving the Needle' textile recycling program encouraging circular economy systems between retailers, consumers and charity stores
- Thousands of Australian businesses are phasing out problematic plastics such as expanded polystyrene and single-use plastic foodware.

The NRA emphasizes that the retail industry is proactively involved in improving sustainability and has borne the burden of recent substantial regulatory and consumer behaviour change. The NRA submits that future actions should support, not restrict, current innovation and should employ a collaborative approach to ensure practical, long-term change is accomplished.

b. Policies must be nationally consistent to create significant and practical change

A major issue for Australian businesses is the need for a consistent approach across jurisdictions and across all types of businesses in an effort to reduce complexity, increase cost-efficiency, drive investment and to increase consumer understanding.

Many businesses use interstate or international supply chains and are networks of 'mum and dad' franchisees. It is almost impossible for these businesses to apply different packaging or products in each jurisdiction. Differences between jurisdictions will result in disruption to the national supply chain, substantially increased costs and higher

financial impacts on franchisees and stores. We are seeing the impact of inconsistency with previously proactive businesses now hesitating given the uncertainty of contradictory legislation.

The NRA emphasizes the need for national consistency and clear guidance, particularly in regards to definitions, timing and alternative products. Industry needs clear criteria to be able to determine which products are banned and which are recommended. We therefore encourage the NSW Government to ensure legislation aligns with nationally-recognised criteria and programs underway.

In 2018, the Australian Government tasked the Australian Packaging Covenant Organisation (APCO) with implementing industry codes to deliver on the target of making 100% of Australian packaging recyclable, compostable or reusable by 2025 or earlier (among other measures). Many retailers are already signatories to the code and have initiatives underway to reduce or replace unsustainable packaging. In addition, more than 500 organisations have become members of the Australasian Recycling Label (ARL) and are rolling out the label on their packaging.

The NRA submits that the National Waste Policy should be allowed time and resources to create stated objectives and precedence should be given to these national strategies. Businesses need certainty, consistency, as well as time and resources, to enact positive change instead of diverting resources to manage conflicting compliance strategies.

c. Health and safety must remain our highest priority

Businesses must use packaging materials that are fit for purpose and meet strict health, safety and hygiene needs, however food and safety regulations often contradict with retailer attempts to become more sustainable. Businesses, particularly those that sell food, consumables (like vitamins and medicines) or products applied to the skin, are often faced with choices between hygienic plastic packaging and lower-grade sustainable materials.

We submit that initiatives to reduce the use of plastics which contain or protect foodstuffs are 'high impact', or 'high risk', not only in terms of public health and safety, but in their impact on food waste, household budgets and modern lifestyles. These items, such as produce bags, foodstuff packaging, beverage containers, coffee cups and takeaway food containers are used for a wide variety of purposes but are common in their need to meet high standards of food safety and also in their high consumer demand.

Serious concerns have also been raised regarding the increased risk of contamination using consumers' reusable containers as businesses are not able to control cleanliness and food grade standards. Current laws allow retailers to potentially be held accountable for any adverse health impacts of contaminated food even if the consumer uses their own container.

In addition, the safety of consumers is also important for hot products which, if improperly contained, could cause significant burns. Industry is faced with challenges of innovating solutions which are waterproof, heatproof and secure.

For many of these items, viable and safe non-plastic alternatives do not yet exist.

These high-risk items require a more carefully-considered, methodical approach to trial and assess food grade, heat tolerant and sustainable substitutes, not just testing their end use but throughout the supply, waste and recycling chain to assess net public and environmental benefit.

The NRA urges decision makers to ensure that any action taken is practical, consistent, well researched and carefully considered in order to create real, long-lasting change. In some cases, we must also allow time for innovation, understanding and practicality to catch up to our good intentions.

d. Recycled content is not yet available, nor suitable, for all packaging

An important issue has also been raised in terms of mandating recycled content for all plastic packaging which is simplistic and not yet feasible.

Businesses need access to high quality, food-safe and traceable recycled content to avoid serious risk to human health. Current safety guidelines advise against the use of recycled content in packaging which touches food or topical products applied to the skin, and any recycled content must be able to be traced to its source to ensure no contamination. For example, post-consumer plastics collected from existing landfills around the world have been found to be contaminated with radioactive chemicals due to other items such as x-ray machines in the same landfill. Post-consumer recyclates also require greater processing and energy to remove or neutralize contaminants. Australian businesses need to be certain that their efforts to become more sustainable do not result in serious health impacts in the long term.

The NRA submits that the National Packaging Targets, which are now itemised by polymer type and allow for average recycled content across packaging, will create better outcomes than one-size-fits-all legislation which would pose supply challenges and serious risks for human health.

Industry has been extremely active in pursuing sustainability over the past few years and many are signatories to the Australian Packaging Covenant. Importantly, APCO members have already achieved the national target of 35% average recycled content in packaging ahead of schedule, so these targets have been recently revised to 50% across all packaging, and expanded to create specific targets for each material type and polymer type.

Currently the Australian recycling system and supply of recycled materials is limited and immature compared to overseas counterparts like the EU, limiting the actions industry can take to improve sustainability practices. Retailer and manufacturer demand for quality recycled content far outstrips supply, so many businesses cannot increase recycled content even if they want to.

We emphasize that government investment, standardization, research and support into recycling infrastructure is needed first to increase the volume and quality of recycled content to meet the demand of Australian businesses.

e. Packaging reduction must not come at the higher environmental cost created by food waste

The Australian Government's National Food Waste Strategy aims to halve Australia's food waste by 2030. According to the Fight Food Waste Cooperative Research Centre (FFWCRC), food loss and waste represents the third largest greenhouse gas emitter.

Packaging plays a vital role in reducing food waste including: extending shelf life with air/moisture barriers and resealable options; reducing spoilage during transport, while on display, and in the household fridge; and reducing food waste by controlling portion size. For example, a plastic wrapped continental cucumber lasts three times longer than an unwrapped continental cucumber. The FFWCRC recommends packaging opportunities to reduce food waste including increased packaging such as portioned packets, resealability, protection, and optimal product design.

Given conflicting government strategies and advice to simultaneously reduce and increase packaging, businesses are understandably confused and more consensus on the optimum balance needs to be achieved.

Policies which are too simplistic, such as banning plastic packaging, work against this important issue. We recommend that the Stop Food Waste Australia program, recently launched and funded by the Australian Government, be given time and support to deliver.

f. Evidence and consensus is needed to ensure long-term environmental benefit

A key issue is lack of international and national consensus on which alternatives will avoid unintended impacts on the environment, human health, public safety, utility and the community.

Industry is highly supportive of sustainable initiatives but needs evidence-based information and consensus on viable and safe alternatives to turn good intentions into reality. There are multiple stakeholders such as local councils, governments, suppliers and environment groups providing contradictory or uninformed advice on sustainable alternatives, resulting in confusion for consumers and business. For example, the Waste Hierarchy model is used by most governments and suggests that Reusability is preferable to Recyclability, however a plastic takeaway food container is more reusable than a paper container which is recyclable.

In addition, consumers and businesses are faced with a myriad of challenges caused by the lack of consistent waste and recycling standards. Every council and every Material Recycling Facility (MRF) operates under different processes, with differences in what they consider recyclable, what is recycled and the quality of recycled outputs. In addition, household food and organics (FOGO) collection is similarly inconsistent, decreasing the options available to manufacturers and increasing the volume of potentially-productive food waste ending up in landfill.

The impacts of this inconsistency are substantial as businesses cannot accurately assess what is recyclable or compostable, what material to adopt, how to label their products and how to educate their customers; and consumers are confused on what is recyclable or compostable, increasing either contamination of the recycling stream, increasing recyclables ending up in landfill, and increasing food waste impacts on landfill.

We urge the NSW Government to collaborate with other jurisdictions to implement nationally-consistent standards for the waste and recycling industry.

g. Change must be in step with consumer behaviour

Modern consumers are now somewhat more spontaneous than they were in the past, doing their shopping in conjunction with social activities or on their way to or home from school runs, university or the gym. This means that they are not always prepared and do not always come with their own reusable items. This calls for more discussion around how retailers can provide inexpensive, environmentally sustainable alternatives, supported by infrastructure that allows customers to conveniently feed their disposed items back into the circular economy.

While consumer concern for the environment is increasing, there remains high demand for inexpensive and convenient options for packaging and serviceware. Retailers report that when it comes to paying for more sustainable options, many consumers still fail to perceive value in more sustainable products, such as recycled copy paper and recycled toilet paper which continue to suffer poor sales.

Extensive consumer awareness and behavior change campaigns will be needed as the majority of NSW citizens are not aware or prepared for practical implications of legislative change. In addition to consumer education, extensive business engagement and education will need to be undertaken as soon as possible to ensure businesses have clear advice about what will be banned, alternatives available, negotiating supplies, training their teams and informing their customers. Importantly, thousands of retail business owners and their staff are at the coal-front of any legislation impacting customers and they will play a pivotal role in educating customers.

h. Industry impact is significant and innovation takes time

Industry supports sustainable initiatives, however it should be noted that any change to an item in a retailer's product range entails significant cost, resources and time, and retailers need to have confidence that they are making the right change and for the long-term. It is almost impossible for national retailers, in particular, to change a product in one jurisdiction and make different changes in another jurisdiction a short time later.

To comply any legislative change, thousands of stores and franchises will need to:

- redesign and test products for safety and compliance;
- renegotiate volume-based contracts which can be 3 to 5 year contracts;
- source new supply partners if current partners do not supply compliant items;
- explain specifications to international manufacturers;
- reassess order volumes and predictions of consumption levels;
- reassess supply chains and logistics (eg. wood and bamboo entail more weight);
- reformulate pricing and deploy changes across menu boards, website and multiple delivery apps;
- train their teams and convince franchisees and shareholders;
- inform customers before and during the change; and
- exhaust old stock sitting in the distribution chain and in stores.

The processes implied in any change are significant and they need clarity and confidence to ensure their substantial investment is supported for the long-term. Businesses will also need extensive engagement and support throughout the transition.

i. A circular economy depends on infrastructure

Local governments play an important role in ameliorating the impacts of disposable plastic, but the expense is ultimately borne by our communities. The NRA believes that government needs to consider substantial investment in improving Australia's circular economy innovation and infrastructure before further regulatory change.

Currently, waste management and recycling systems vary in each local government area, with many residents, particularly those in remote areas, lacking access to sophisticated recycling facilities. This lack of consistency makes it extremely difficult for businesses to design and invest in recyclable alternatives as 'recyclability' is an inconsistent construct.

The Australian recycling system and market for recycled and recyclable goods is limited and immature compared to overseas counterparts like the EU. For example, given we only recycle approximately 16% of plastic, and much less makes it through the recycling process, there is a limited supply of recycled material, meaning demand from retailers and manufacturers outstrips supply.

Therefore, government investment into innovation and infrastructure in the waste and recycling sectors is urgently needed to develop a circular economy in NSW.

SUPPORTED ACTIONS

Staged, harmonised phase-out of single-use plastics

We understand there is significant pressure on governments to implement legislation on single-use plastics, given actions of the public, community groups and other state governments. For example, the SA and ACT Governments have legislation underway, the QLD Government has proposed bans on select items, and other governments have signaled upcoming action. Retailers are heavily impacted by inconsistency in current and upcoming bans across Australia and seek to support the NSW government to harmonise efforts.

The NRA has developed a comprehensive **Roadmap to Phasing-Out Single-Use Plastics** focusing immediate action on low complexity items, to high complexity (or high risk) items to encourage greater alignment between industry and government.

	Timing	Item	Supported actions
STAGE 0	Current	Plastic beverage containers	Existing successful Container Deposit Scheme (in effect). Ongoing community education
		Plastic packaging	Existing successful voluntary Code of Practice via Australian Packaging Covenant (underway). Ongoing community education
		Microbeads	Existing successful voluntary approaches with industry.
STAGE 1	Short-term (12mths)	Lightweight plastic shopping bags	Ban to be implemented 12 months from passage.
		Single-use plastic stirrers	Ban to be implemented 12 months from passage.
		Single-use plastic straws	Ban to be implemented 12 months from passage. Exemption for attached or included straws in shelf-ready prepackaged goods. Exemptions for medical providers.
		Single-use plastic cutlery	Ban to be implemented 12 months from passage. Exemption for attached or included cutlery in shelf-ready prepackaged goods.
		Single-use plastic plates and bowls	Ban to be implemented 12 months from passage. Exemption for certified compostable items.
		Expanded polystyrene cups, bowls, plates and clam-shells	Ban to be implemented 12 months from passage. Support National EPS phase-out.
		Oxo-degradable plastics	Ban to be implemented 12 months from passage
		Plastic balloon sticks	Ban to be implemented 12 months from passage
STAGE 2	Medium-term (24mths)	Reusable plastic bags	Industry Code of Practice (under development). Targets to be met by 2023.
STAGE 3	Longer-term (3-5 yrs)	Single-use plastic-coated paper plates and bowls	Further innovation needed if bioplastics are not allowed as viable safe alternatives are limited.
		Single-use plastic cups (& plastic-lined cups) including coffee cups	Further consideration of life-cycle impacts and optimal pathways to reduce landfill.
		Single-use plastic takeaway containers	Investment in waste/recycling infrastructure.
		Lids to all of the above	
		Sauce sachets	
		Sandwich wedge windows (and similar transparent films)	

CONCLUSION

Moving towards a circular economy requires a change in perception, a shift from thinking of consumed items as 'waste' towards seeing them as valuable 'resources'. This requires incremental steps and a whole of supply chain approach, not just avoidance, with the right infrastructure and investment in innovation to create long-term change.

Retailers are keen to collaborate and be part of the solution. Many retailers are taking a proactive approach to environmental initiatives and strongly support current regulations and initiatives. At the same time businesses are faced with a myriad of regulations, economic pressures, consumer demands, health and safety requirements, cost limitations, misinformation about alternatives, and lack of recycling infrastructure.

Therefore we urge decision makers to:

- Support the many positive initiatives undertaken by industry such as voluntary phase-outs and recycling programs, Voluntary Code of Practice for Sustainable Shopping Bags, Australian Packaging Covenant commitments and Sustainable Packaging Guidelines;
- Invest in community education particularly regarding recycling, food waste and the realities facing Australian businesses as they move towards more sustainable options;
- Invest in business education to enable more informed decisions, behavior change, reduced cost burden and further improve customer education;
- Undertake a comprehensive review of waste and recycling infrastructure in NSW, providing investment and standardization as well as ways to increase domestic recycled content;
- Adopt a staged and harmonized approach to phasing out single-use plastics, taking immediate action on some items, heeding the exemptions and challenges presented;
- Collaborate with and support industry in investigating, trialing and assessing solutions;
- Invest in research to provide businesses with nationally-consistent, practical, best practice advice;
- Invest time and resources into improving innovation and infrastructure to help build a circular economy in Australia.

Thank you for this opportunity to provide our submissions on behalf of the retail industry and our members.

Should you have any queries, I can be contacted at

Yours faithfully,

David Stout

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