

WOOLWORTHS GROUP



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Submission to Queensland Government
Waste Reduction and Recycling (Plastic Items) Amendment Bill 2020

The Woolworths Group welcomes the opportunity to submit feedback on the Queensland Government's *Waste Reduction and Recycling (Plastic Items) Amendment Bill 2020*

INTRODUCTION

The Woolworths Group employs more than 30,000 Queenslanders and operates 723 retail sites, including 237 supermarkets, across the state. We deliver a high quality, reliable and cost-effective service to the Queensland community. In 1927, Woolworths chose Queensland as the site for our second-ever store, and today we are more invested than ever in Queensland's social, economic and environmental wellbeing.

Woolworths is committed to playing our part in reducing Australia's dependence on single-use plastic (SUP) products and developing alternatives that support a more circular economy. As part of our sustainability strategy, we are considerably reducing packaging as well as food waste, and our team is proud of our achievements to date, including:

- In 2018, we were the first major supermarket chain to eliminate single-use plastic bags and the sale of plastic straws from our stores nationwide, removing over 6 billion single use plastic bags from the environment since then.
- We have introduced alternative bag materials, including reusable and recyclable plastic carrier bags that enable both recycling and provide a reuse option for locally recycled plastics, as well as a paper carrier bag alternative for customers seeking a non-plastic option.
- Since 2018, we have also removed over 1,000 tonnes of plastic packaging for fruit, vegetables and bakery goods, including 237 tonnes in the last 12 months. However, we must also acknowledge that plastic packaging still plays an important role in maintaining the quality and safety of products through the supply chain, providing a physical barrier for health, safety and durability. These outcomes are critical to other environmental objectives, particularly the reduction of food waste.

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- We also recognise our responsibility to help our customers recycle. All Woolworths supermarkets have a prominent RedCycle bin for customers to recycle their soft plastics. In the 12 months to June 2020, we have helped recover 1,378 tonnes of soft plastics through RedCycle, nationwide.
- Woolworths was an early adopter of the Australian Recycling Label (ARL) on our own-brand products in 2017 to enable proper disposal behaviour and maximise recycling activity.

But we know there is much more to be done and that we have a role to play in leading this change. Whilst we are committed to playing our part in reducing SUPs, we also believe that a multi-sectoral approach is required. It is critical that there is a strategic action plan to underpin achievement in this space. Importantly, more needs to be done beyond banning a narrow range of consumer products.

We support efforts to reduce the consumption of SUPs where there are/is:

- ready alternatives (including avoidance);
- genuine environmental benefits (accounting for alternatives);
- collection and reprocessing infrastructure that support the SUP-replacement material;
- no negative impacts on public health and safety;
- costs on businesses that are proportionate and the cost to consumers is minimised;
- a level playing field and local businesses are not unfairly disadvantaged over imported products; and
- harmonisation of environmental measures - alignment between jurisdictions is important if we are to achieve efficient, effective and timely outcomes for waste management and recycling.

Woolworths believes numerous opportunities exist by which to significantly, and quite quickly, improve waste and recycling across the country. This includes:

- introducing kerbside collection infrastructure for soft plastics and food organics
- incentivising local re-processing as well as incentives for use of these reprocessed materials
- community education campaigns to change individual behaviour to improve trust in the recycling process, explain the role of plastic in reducing food waste, and how to dispose of and recycle particular products and materials.



FEEDBACK

The draft Bill clearly articulates the definition of single-use plastics, a clear methodology for managing the exemption for straws for medical reasons and the standard by which compostable items can be claimed and marketed. We greatly support the inclusion of a provision for further banned items to be consulted upon thoroughly prior to addition to the legislation. Consultation is an important step, and encourages an outcome whereby there are no unintended consequences.

Woolworths commends this clarity as it enables the retail sector to understand the requirements and standards of the proposed law and prepare our business to comply. This level of clarity increases the likelihood of success of the objectives of the Bill, thereby improving the environmental outcome for Queensland. We encourage for this clarity to be maintained in any subsequent consultations.

However, we suggest further clarification and consideration of the following issues:

- proposed timeframe for commencement
- allowance for storage of banned materials for distribution to other jurisdictions
- additional banned products
- onus of proof
- disposal infrastructure (bins)

In addition, since our original submission to the Queensland government on the proposed legislation, the impact of COVID-19 on the economy has worsened significantly, and had significant flow on impacts to our supply chain. Australia is now forecast to experience two financial years of economic contraction. The virus is spreading at a faster rate globally than ever before and is increasingly impacting our ability to source alternative products and materials, and establish supply chains with robust environmental credentials.

We would encourage the committee to carefully consider this new COVID-era reality for businesses, as well as the cost-impost on consumers of alternative products and materials in this uncertain and depressed economic climate.

Timeframe

The consultation summary notes strong public support for a 1 July 2020 commencement for the legislation. In reality, and under normal, pre-COVID conditions, supply chains take at least 12-months to adjust to new conditions like those proposed, reflecting the timeframe to source and confirm alternate materials/products; the requirement to order in advance and deplete existing, compliant stock on hand, which would otherwise have to be landfilled; and noting the potential for existing contractual obligations.

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In addition, the considerable disruption to supply chains as a result of the COVID-19 public health emergency further complicates retailer ability to source alternative materials and suppliers, while also ensuring their environmental credentials.

Manufacturers are currently focused on the supply of plastic materials worldwide as global demand for traditional plastics has ballooned for their perceived health and safety benefits, while virgin plastic prices have fallen considerably against recovered polymers and resins. Meanwhile, limited flight schedules are significantly curtailing freight capacity and costs have grown considerably as a result. Locally, the COVID-led decline in group gatherings and public activity has significantly slowed sales of the products impacted by the proposed ban, leaving more stock than anticipated on shelves and extending the depletion period.

To ensure retailers are able to comply from day one of the new law, and that excessive amounts of perfectly usable product is not unnecessarily landfilled, we would suggest a longer timeframe be considered of 18-months from legislation. Alternatively, a grace period could be introduced whereby previously compliant products already stocked by a retailer are permitted for sale until stocks have been fully depleted.

Storage and distribution of banned materials to other jurisdictions

As a nationwide operator, Woolworths Group requires and relies on an interconnected logistics system to ensure supply of high-quality product at low cost and with minimal wastage across Australia. As a result, we have established several logistics hubs across the country, called Distribution Centres (DCs). The ability to undertake free cross-border trade ensures efficient distribution, particularly for regional and border-region communities.

Due to the size of Australia, Woolworths supplies many stores from their “local” DC, which can be in another state or territory - this includes 50-stores in northern NSW from our Brisbane DC. We, therefore, request that an explicit exemption be included for the storage and distribution of product that is captured by the proposed legislation, but is permitted for sale in other jurisdictions in a similar vein to South Australia’s single use plastic legislation.

Additional banned products

The explanatory notes include an indication that further items for banning, such as cups, will be considered in the latter half of 2020. This would seem incongruent with the evidence-based approach Queensland has adopted so far, and with previous banned items like single-use plastic bags. In that example, Queensland committed to undertaking a review of the ban, two years after commencement, to assess its efficacy.

Before further products are considered for banning, we would advocate a similar, evidence-based approach be adopted. Like plastic bag bans, the legislation should commence and be assessed before further products are considered for banning.



This is even more relevant given the lack of widespread and appropriate collection infrastructure - food-organic, garden-organic bins (FOGO). Without this collection infrastructure, the increase in compostable plastics or alternative (organic) materials in household waste streams may contaminate existing kerbside plastics recycling, undermining that recovery sector at a sensitive time.

Woolworths suggests that the legislation include a suitable phase-in period to test the ban and build an evidence base prior to consideration of further items for banning.

Onus of proof

The explanatory notes to the Queensland Bill refer to the reversal of the onus of proof. We expect that, in all cases, the onus of proof rests on the plaintiff/enforcing authority to prove to the relevant legal standard that there has been a breach of the law, in line with fundamental legal principles.

We presume the reference to the reversal of the onus of proof in the explanatory notes relates only to an evidential requirement for the person conducting a business to provide evidence that they reasonably believed the sale of the banned single-use plastic item was a step in a supply chain for the supply of the item to a person who conducts an exempt business or undertaking (as set out in cl 99GD(2)(b) of the current draft Bill).

Exception for reasonable belief:

We suggest that this exception be broadened to recognise where the person conducting a business can establish that they reasonably believed the item was not a banned single-use plastic item. This is consistent with South Australia's proposed single-use plastics legislation and would support a consistent national approach to the phasing out of single-use plastics.

Further, retailers like Woolworths sell third party-branded items and should not be penalised where we reasonably believe that these items are compliant with applicable laws, based on warranties/substantiation provided by suppliers. Retailers are ultimately reliant on the accuracy of the information obtained from our suppliers.

Disposal infrastructure (bins)

The explanatory notes seemingly reduce the importance of disposal infrastructure in supporting the SUP ban. We believe the two issues must be considered in tandem. The likely replacement material for single-use plastics is organic or "degradable". The complexity of recycling and consumer behaviour means that separated disposal infrastructure - specifically, food-organics/garden-organics (FOGO) bins - is needed for households and public places to ensure the new material does not contaminate existing plastics recycling.

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FOGO combined with extensive, government-funded public education campaigns, is essential to ensure correct disposal behaviour and to protect plastics recycling from excessive contamination.

SUMMARY

Woolworths supports the intent of the proposed legislation and wants to see it deliver the best possible environmental outcome for Queensland. Given the initiatives in single-use plastics are now being undertaken by states and territory governments, rather than a coordinated and aligned nationwide approach, it must be noted that businesses will have to contend with a plethora of varying conditions, including definitions, exemptions, impacted products and penalties. This will be occurring all within the reality of a deteriorating economic climate and unprecedented upheaval in domestic and international supply chains. We would therefore encourage national consistency as much as possible.

We want this to work for Queensland and, indeed, Australia. But we submit these issues so that decisions can be evidenced-based, the complexities involved are understood and there is balance in the approach. That way, Woolworths can help ensure the intent of Queensland's legislation is achieved and our natural environment is preserved.