



A Planet Ark submission written by Jon Dee regarding the Plastic Bag Levy (Assessment and Collection) Bill 2002 and Plastic Bag (Minimisation of Usage) Education Fund Bill 2002

A Bag Habit We Need to Break

Planet Ark and Plastic Check-Out Bags

20 million Australians currently use 6.9 billion plastic check-out bags every year.

That's nearly 1 plastic bag per person per day, or 345 bags per person every year. In total, this amounts to 36,850 tonnes of plastic at an estimated cost of \$173 million. That so few people can use so much plastic for disposable bags says a lot about the wasteful habits of today's Australians.

Planet Ark has long campaigned against the excessive use of plastic bags - our first TV ad on the issue aired in 1992. A person's use of a plastic check-out bag can be counted in minutes – however long it takes to get from the shops to their homes. These bags, however, can last for hundreds of years.

Whether it's inadvertent or deliberate, plastic bag litter creates many problems. Bags can get caught in fences and hedges causing visual pollution. Wind-borne they can end up blocking drains and trapping birds. When eaten they can kill livestock and at Bathurst race track, they can even disable racing cars.

When they reach the marine environment, plastic bag litter is lethal, killing thousands of marine animals every year. Combine the growing number of plastic bags used every year with the time it takes for them to break down and you have a major environmental problem.

Research shows that Australians are very concerned about the impact of plastic bags on the environment. Without the right incentive to change their behaviour, however, most Australians find it nearly impossible to change their addiction to plastic bags.

To that end, Planet Ark and the CEPA Trust were the first organisations to promote the Irish plastic bag levy as a role model for reducing Australia's use of plastic check-out bags. At a state level, Planet Ark has worked in ongoing partnerships with newspapers like the 'Sunday Telegraph' to highlight the problem of excessive plastic bag use, as well as the solutions available to reduce their use.

At the local level, we have worked with communities like Coles Bay in Tasmania to totally ban the use of plastic check-out bags. This is measurably reducing the amount of plastic check-out bags being used. We have also worked with retailers like Coles and Bi-Lo to promote the use of reusable bags.

This submission from Planet Ark seeks to cover the issues surrounding the need to reduce plastic check-out bag usage in Australia. It also seeks to highlight and discuss the arguments presented by industry bodies opposed to the imposition of a plastic bag levy in Australia.

Public Concern About Plastic Bags

On September 28th 2002, Planet Ark commissioned Roy Morgan to carry out research into public attitudes towards plastic check-out bags.

This national research showed that Australians are firmly behind the idea of a plastic bag levy. If a levy was introduced, nearly 8 out of 10 Australians said they would support it, if it could replicate the success of the Irish levy.

The research also shows that a plastic bag levy has the ability to bring about behavioural change.

If a 25 cent levy was introduced, 67% of Australians questioned said they would bring their own bag to the supermarket to avoid paying the levy. This shows its effect as a behavioural change agent. In Ireland, 9 out of every 10 people avoid paying the Irish levy by bringing their own bags or by using no bag when shopping.

83% of Australians questioned said they were concerned about the impact that plastic bags had on the environment. 49% of people questioned were particularly concerned about the impact of plastic bags on wildlife.

Public concern about the lack of plastic bag biodegradability shone through in the survey. Instead of the current plastic bags that can take hundreds of years to break down, 95% of Australians thought that supermarkets should introduce biodegradable plastic bags. Such bags made with either tapioca or corn starch are now available.

For many years, Woolworths, Coles and Safeways have had plastic bag recycling facilities in nearly all of their stores. Despite this, 62% of people questioned said they had never recycled a plastic bag in a retail outlet where these recycling bins are available. The actual recycling rate for plastic bags in Australia is currently about 3%. This figure shows how plastic bag recycling has failed despite the best efforts of the supermarkets.

When told that the Irish were charging 25 cents a bag with their levy, 76% of Australians questioned in the survey thought that a similar charge should be introduced here. In keeping with public opinion, Planet Ark supports the 25 cent levy that is being proposed.

Plastic Bag Usage in Australia

Australia uses 6.9 Billion plastic check-out bags every single year. The 2002 Nolan ITU report "*Plastic Shopping Bags – Analysis of Levies and Environmental Impacts*" estimated that Australia's use of plastic bags can be broken down as follows:

- Supermarkets = 3.68 B units/year
- Other Food & Liquor = 0.93 B units/year
- General Merchandise & Apparel = 0.96 B units/year
- Fast Food, Convenience Stores & Service Stations = 0.35 B units/year (*this seems low - PA*)
- Other Retail = 0.99 B units/year

Plastic Bags and Litter

Australian local and State Governments spend over \$200 million a year picking up litter. Without a doubt, litter is a key environmental problem in many areas of Australia. A plastic bag levy has the potential to reduce some of these community impacts and costs.

The plastic and retail industries have questioned the levy proposal saying there is no proof that it will reduce the levels of plastic bag litter.

Figures have been quoted in Australia stating that up to 80 million plastic bags find their way as litter on to our streets, parks, and into our waterways. However, due to the wind-borne nature of plastic bag litter, Planet Ark believes that further research needs to be done to verify this figure. It could be worse.

Anecdotal evidence from Ireland is that there has been a massive reduction in plastic bag litter since the introduction of the plastic bag levy. Indeed, common sense would seem to indicate that reducing the usage of plastic check-out bags from 1.28 billion to only 115 million would result in a substantially reduced chance of plastic bags ending up as litter.

At a meeting of the Australian plastic bags working group in 2002, a plastics industry (PACIA) representative argued that there was still plastic bag litter to be seen in hedges around Ireland, despite the introduction of the levy. However, as plastic bags can take hundreds of years to break down, it was pointed out by Planet Ark that these plastic bags could have been in those hedges for decades.

It has also been pointed out by the retail and plastics industries that plastic bags only account for 2% of Australia's litter stream. They raise the point that other types of litter are more prevalent in the environment. This is true to the degree that cigarette butts are numerically our biggest form of litter.

Australians litter an estimated 7 billion cigarette butts into Australia's environment every year. Whilst these butts are toxic and environmentally damaging, they are small and hardly seen. Plastic bags are far larger and can be wind-borne hundreds of kilometres into land or out to sea. They can also last hundreds of years before the plastic bag litter breaks down in the environment. And they kill animals.

To that end, it could well be argued that plastic bag litter causes far more damage than other litter. Even more than cigarette butts.

Plastic bag litter caught in hedges and on barbed wire fences is aesthetically bad for the environment. In addition to being unsightly, plastic bags can also block gutters and drains, creating stormwater problems.

But the real impact of plastic bag litter is felt on wildlife. Plastic bags can choke animals or restrict their food absorption. One report indicated that at least 143 species are affected, injured and killed by plastic bags – either by ingestion or entanglement.

According to Nolan ITU's 2002 plastic bag report, the figure of 100,000 marine animals killed annually was from a Newfoundland study that was carried out in that area over a four-year period from 1981-1984.

Australia uses significantly more plastic bags than Newfoundland, so it would be conservative to estimate that tens of thousands of animals die here as a result of plastic bags every year. There are many examples available which indicate that these deaths do occur in Australia.



Whales, turtles and other marine life in Australian waters often mistake plastic bags for food such as jellyfish.

A whale that beached itself close to Cairns was found to include 6 square metres of plastic including supermarket check-out bags. There was no food in its stomach.

Discovered in agony, a calf that was recently put down in Bathurst was found to have eaten 8 plastic bags. A Platypus in Tasmania was rescued after being found entangled in a plastic bag. On seeing its injuries, its rescuer and the media called it 'Lucky'.

Turtles have been rescued with plastic bags lodged in their throat – part of the bag hanging out of their mouth and the other part inside them. Birds get caught up in them too. Unable to fly they die of starvation.

If the whale that beached itself in Cairns had died at sea, it would have decayed or been eaten by other marine life. Either way, the plastic bags that had contributed to its death would then have been freed back into the marine environment to carry on killing other marine life – potentially for centuries to come.

Plastic bags from take-away food outlets contribute to plastic bag litter. Some of this litter is a result from people deliberately littering these bags. Some is unintentional – customers can put a plastic bag into a litter bin only to see it blown out by the wind. An animal hunting for food can also dig plastic take-away food bags out of a bin and on to the street.

A levy will help to minimise this form of litter as it would encourage takeaway food outlets to switch to paper bags instead. This would allow them to follow the example set by McDonald's who only use paper bags instead of plastic bags for takeaway food. The bags used by McDonald's are unbleached and have a high recycled content. To that end, this move would be very beneficial environmentally as it would provide new markets for the waste paper that is picked up from offices and kerbside collections.

Plastic bags, however, also escape from landfill sites. "Plastic bags are without a doubt our biggest litter problem," says Ross Currie, director of the Twigg Group, which runs the Brooklyn landfill site near Sunbury. "No matter how neat you keep your landfill, they just drift everywhere. They're really all that creates litter here. The very light supermarket plastic bags just blow away."

Figures from Keep Australia Beautiful (Victoria) estimate that 47% of litter at and around landfills is plastic litter, with a proportion of this being plastic bags. Containing plastic bag litter costs landfill operators money. A levy has the ability to massively reduce the number of plastic check-out bags entering our landfills. As such, a levy would bring about cost savings for Australia's landfill operators.

The Irish Plastic Bag Levy

When the Irish Government introduced a levy of 25 cents on each plastic bag sold (the 'PlasTax'), their Environment Minister explained that he didn't want shoppers to pay the levy. He wanted people to avoid it by bringing their own bags to the shops. It worked overnight.

A year after the levy had been introduced, Ireland was using 90% less plastic check-out bags. To commemorate the occasion, the Minister for the Environment and Local Government, Mr. Martin Cullen TD recalled the reasons why the Irish Government had initiated the levy.

“The environmental levy on plastic bags, which was introduced this time last year, has had a dramatic impact on our consumption of plastic bags and on the problem of visual litter,” he said “Quite apart from the immediate objective of cutting down our consumption of disposable plastic bags, it has been very effective in raising awareness of waste management issues and the part each one of us can play in reducing the amount of waste we produce.”

The problem of plastic bag litter was an issue that the Minister had previously addressed on an earlier occasion: “Too many (plastic bags) end up in the environment as litter. They are an eyesore on our streets and roadsides, and in hedges and trees throughout the countryside. In addition, plastic bag pollution is a threat to our ecosystems, natural habitats and wildlife. We simply cannot allow this to continue.”

Talking about the issue of litter in a speech in Canberra in September 2002, Declan Kelly, the Irish Ambassador to Australia said, “The levy was introduced primarily as an anti-litter measure. **While not the largest component of litter in Ireland, disposable plastic bags were perceived to be the most visible and unsightly.** Dropped by careless consumers and whipped up by the Irish winds, plastic bags were a common and unwelcome decoration on Irish trees and hedgerows.”

In an interview on ABC Radio, Ambassador Kelly further summed up the success of the levy:

“Consumers went to extraordinary lengths to avoid paying the 15 cent levy – reports of people carrying bundles of groceries in their arms were common place. Retailers, who were sceptical of the levy, and the additional work involved in administering it, were soon won over when they saw the money they saved on disposable bags - and the margin they made on selling ‘Bags For Life’.”

“Consumption of disposable plastic bags is estimated to have fallen by around 90%. Most people don't forget to bring their re-usable bags with them when they shop and are not afraid to bring bags from one store into a rival one. The retail sector also responded very positively to the disciplines involved in operating the levy. Most importantly of all it has been very popular with the public.”

Total receipts from the Plastic Bag Levy to date, in respect of its operation in 2002, amounted to €9.6million. Taking into account start-up and ongoing administrative costs, total net receipts to date from the Plastic Bag Levy have amounted to €8m.

The levy is expected to bring in around €11million in its first full year. The proceeds from the levy have gone into the 'Environment Fund'. This year, the levy income has been allocated to fund and improve Ireland's recycling infrastructure. This is an area where Ireland has traditionally lagged behind Australia.

According to the Minister's media release, most retailers reported a reduction of over **90%** in the consumption of disposable plastic bags since the levy's introduction. Some major supermarkets such as Tesco and SuperQuinn have indicated a higher reduction of up to **92%** and **94%** respectively.

Although the Irish levy does not apply to paper bags, **paper bags have not replaced plastic check-out bags at the tills in Ireland's main supermarkets.** Planet Ark would like to point this out in order to counter the misinformation that has been put out in Australia about this matter.

The levy applies to all plastic check-out bags (including biodegradable polymer bags) **with the exception** of those used to contain fresh fish and fresh fish products, fresh poultry and fresh poultry products, non-packaged fruit, nuts or vegetables, confectionery, dairy products, cooked food (whether hot or cold) or ice. Reusable shopping bags sold for 0.70 euros or more are also exempt.

Prior to the introduction of the levy, Ireland was using an estimated 1.28 billion plastic check-out bags. It is estimated that they have reduced this figure by over 1.15 billion plastic bags.

What about the increase in Irish Kitchen Bin Liner sales?

In Ireland, as in Australia, many people reuse their plastic check-out bags as kitchen bin liners. Indeed, it is the primary way that most people reuse their plastic check-out bags.

To that end, some people were initially concerned that the Irish levy would reduce the number of plastic check-out bags being used but raise by a similar amount the number of kitchen bin liners being sold. It was a fair concern, but the concern didn't translate into reality.

Whilst much publicity has been generated about the 90% reduction in plastic check-out bag usage, the Australian plastics and retail industries have rightly pointed out that some Irish stores have increased their sales of kitchen bin liners by up to 77%.

Some questioned whether this increase made the Irish levy a pointless exercise. If you look beyond the percentages, however, the actual numerical figures illustrate the tremendous success of the bag levy.

A 90% reduction in plastic check-out bag usage resulted in an estimated 1.15 billion less plastic bags being given away at the checkout.

As kitchen bin liner sales were comparatively small before the levy was introduced, the 77% increase in their sales only increased the amount sold by an estimated maximum of 70 million plastic bags. Estimates show that there was still an overall reduction in plastic bag usage of over **1.08 billion bags.**

Whilst small numbers of plastic check-out bags would be also reused for storing used nappies and picking up dog poo etc, our discussions with Irish supermarkets indicate that sales of larger garbage bags and garden bags have also not shown any significant numerical increase.

To that end, the Irish plastic bag levy has had tremendous success in reducing the overall use of plastic bags. The small numerical increases in sales of kitchen bin liners and garbage bags would also indicate that the actual levels of plastic bag reuse in Ireland were nowhere near as high as some people previously anticipated.

Additionally, the plastic bag levy is funding improved recycling infrastructure in Ireland. As this infrastructure is put in place, the amount of kitchen bin liners and garbage bags being sold is expected to drop further as people **recycle their waste instead of throwing it in the bin.**

Key aspects of the above summary are backed by the findings of the 2002 Nolan ITU report “Plastic Shopping Bags – Analysis of Levies and Environmental Impacts”

“As significant numbers of plastic shopping bags are reused as kitchen tidies and garbage bags, a concern with the reduction of these bags resulting from the PlasTax was that the consumption of conventional garbage bags would increase significantly, and thereby counteracting some of the resource use savings in reducing the bags. Retailers, though reporting as high as 77% increase in kitchen tidy bag sales, maintain that this increase is not significant in comparison to the reduction in plastic shopping bags. The base level for the sale of these bags was minor compared to plastic shopping bags, and in addition, larger garbage and garden bag sales have not shown any increase.”

What would happen if the success of the Irish levy was replicated in Australia?

Australia currently uses 6.9 Billion plastic check-out bags every year. If we reduced that by 90% like the Irish have done, then we would only be using 690 million plastic check-out bags every year. That’s a reduction of over 6.2 Billion plastic check-out bags every year.

A 25 cent levy charged on these 690 million plastic bags would raise **\$172.5 million a year** towards environmental causes. Such monies could go towards the fixing up of Australia’s salinity problems or providing free reusable shopping bags for every household etc.

According to Nolan ITU, it is estimated that Australia currently uses **390 million kitchen bin liners** every year. If like the Irish we increased the amount of kitchen bin liners being sold by 77%, then we would **only** be using an extra **300 million** kitchen bin liners every single year.

Using the above figures, even after you allow for this 300 million bag increase in kitchen bin liner sales, with a levy in Australia there would still be an overall **reduction of 5.9 Billion** plastic check-out bags every year. A 6.2 billion plastic check-out bag reduction versus a 300 million increase in kitchen bin liners more than justifies the proposed levy.

Having said that, Australia has far better recycling facilities than Ireland, so in theory we have more opportunity to put waste into our recycling bins instead of our garbage bins. To that end, the percentage increase in Australian kitchen bin liner sales (due to a levy introduction) could well be less than Ireland.

There would no doubt be additional increases in Australia of the number of garbage bags, nappy bags and dog poo bags etc being sold. However, as with Kitchen Bin Liners, the increases in the number of such bags being sold would be minor compared to the huge reduction in use of plastic check-out bags.

Additionally, having to pay for extra garbage bags and kitchen bin liners would incentivise Australians to fully use the recycling services that are available to them, thus reducing the amount of waste that they put into their garbage bins (eg. less waste thrown away = less garbage bags needed).

If Australia replicated the success of the Irish levy, Planet Ark estimates that the **overall** number of plastic bags being used could be reduced by up to **5 billion plastic bags every year**.

This is the strongest argument that could be held in favour of a 25 cent plastic bag levy in Australia. In the national Roy Morgan poll commissioned by Planet Ark, 8 out of 10 Australians said they would support a 25 cent levy, if it reduced plastic bag usage by the 90% figure that we have seen in Ireland.

Would a plastic bag levy work in Australia?

Real world examples show us that a financial charge or levy would definitely reduce Australia's use of plastic check-out bags.

The furniture chain IKEA Australia, recently introduced a 10 cent charge for each plastic check-out bag sold. As a result, usage of plastic bags in some stores has been reduced by up to 85%. People either made use of their own bags, were able to do without them, or they bought their own reusable bag.

As the fastest growing supermarket chain in Australia, with over 50 major supermarkets in NSW, Victoria and the ACT, the Aldi supermarket chain already charges 15 cents for each plastic bag – they do NOT give them away free. They also provide reusable cotton bags for only 69 cents. This is an example other supermarket chains would do well to follow, either voluntarily or on a mandatory basis.

The line that a “**plastic bag levy will hit the people who can least afford it,**” is an accusation often levelled by people in the retail industry who are opposed to the levy on plastic check-out bags.

The fact that cut-price grocery chain Aldi already charges for plastic bags shows that a levy charge won't affect the Aussie battlers who can least afford it.

The reality is that Aldi customers, whether economically-challenged or well off, avoid the plastic bag charge by bringing their own bags or containers to Aldi stores. They also avoid it by buying one of the cheap reusable bags that are available or by taking their groceries to the boot of their car in the trolleys provided. On-site Planet Ark research at Aldi stores indicated that many people had boxes, bags or containers in the boot of their cars for these groceries.

In the event of a plastic bag levy being introduced in Australia, there is no reason to believe that the customers of other major supermarkets would not adopt the same approach.

On Lord Howe Island, retail outlets charge **55 cents** for each plastic bag. As a result, income for local people has been created via the making of reusable bag alternatives.

A supermarket in Byron Bay, NSW, introduced a charge of 10 cents for plastic (and biodegradable) bags in 2002. This charge has apparently resulted in an **83% decrease** in plastic bag use.

These examples show that a financial charge is needed to change the bag behaviour of Australians at the check-out. If you charge for plastic bags, people will change their behaviour and bring their own bags.

Looking at the above real world examples, there is no doubt that a levy charge will help to significantly reduce the number of plastic check-out bags being used in Australia.

Retailer support for the reduction in use of plastic bags

A levy could easily be implemented to reduce the amount of plastic bags being given away free at the check-out. To see this, one only has to look at the major Australian retailers who already support moves to reduce the use of plastic bags.

IKEA Australia and Aldi are not the only well known retail names who have acted to reduce the impact and use of non-degradable plastic bags.

The retail industry has rightly stated that plastic bag litter from takeaway food stores is a problem. The solution to this problem has been demonstrated for over 30 years by Australia's biggest takeaway food chain, **McDonald's**.

McDonald's Australia has been using paper takeaway bags since it opened its first restaurant in 1971. They now use over 180 million paper takeaway bags every year.

According to McDonald's Australia spokesperson John Blyth, "The majority of these takeaway bags are made from **50 per cent recycled paper pulp, use water based inks and have no chlorine bleaching**," he said. "Additionally all McDonald's Australia paper bags are 100 per cent recyclable."

"A business leader must also be an environmental leader, and as the leading quick service restaurant in Australia, McDonald's has led the way by always using paper takeaway bags in our restaurants for more than 30 years," said Mr Blyth.

McDonald's are not only setting an example for others to follow, they are now encouraging other takeaway food outlets to reduce their use of plastic bags. In the most public call yet made by a major retailer, the McDonald's spokesman said "**We would encourage the quick service industry as a whole to consider the move to paper takeaway bags.**"

The move to paper within the takeaway food sector is one that should be relatively easy to implement in the case of a plastic bag levy or ban being introduced.

In addition to McDonald's, Hungry Jacks and Burger King also use paper bags. The Kentucky Fried Chicken outlet in Bondi uses paper bags instead of the plastic bags that are currently used in their other stores. Red Rooster has also been recently trialling paper bags in its WA outlets - it is now set to roll-out these paper bags across its outlets Australia-wide. Their findings? Paper bags are better for their takeaway food than plastic bags.

It is well known that takeaway plastic bags can steam food. Therefore in the case of a levy being introduced, the move to provide takeaway food in paper bags is a better alternative for the food itself as well as the environment.

The need for action has been backed by Roger Drake, Chairman of the ‘**Foodland**’ supermarket chain. He was publicly quoted in the ‘Sunday Telegraph’ as supporting the levy and new laws that force supermarkets to use biodegradable plastic bags.

“I think it’s going to have to be legislated and on a bag that will break down in landfill over time,” Mr Drake said. “We’ve tried to reduce bags and it hasn’t worked.”

The Coles Bay plastic bag ban

Retailers can also do what Coles Bay Tasmania has done and ban the use of plastic bags altogether.

The town recently worked with Planet Ark to become Australia’s first plastic bag free town. Every retail outlet in Coles Bay joined together with their customers to show how easy it is to reduce the use of plastic check-out bags – they banned them.

Over **180,000 tourists** visit Coles Bay every year. When people visit now, they cannot even buy a plastic check-out bag. Inspired by the Irish levy, people can either bring their own free bag(s) or they can buy one of two options. A strong reusable and easily recyclable paper bag with handles for **25 cents** (*a deliberately similar price to the Irish levy*), or a washable and reusable calico bag for **\$2**.

Everyone has come away happy from the ban. The reaction from locals and visitors has been incredibly supportive. There has been a **total reduction to zero** in plastic check-out bag use and the local environment has significantly less plastic bag litter in it.

The retailers no longer have to pay for plastic bags to in order to give them away free to customers. Instead, they can sell them calico bags and make money on each bag sold.

The calico bags have been extremely popular with visitors – some of them have bought up to 15 calico bags each in order to go plastic bag free when they return home after their holidays.

Many towns and councils around Australia have been inspired by the actions of Coles Bay and are looking at ways in which they can go the same route. To that end, the CEPA Trust will be sponsoring a Planet Ark kit that is being sent to every council, chamber of commerce and local tourism association in Australia. Called ‘The Coles Bay Challenge’ it will show towns how to go plastic bag free along the same lines as Coles Bay.

The banning of plastic bags is also being tried out on a larger level in other countries. Bangladesh, Taiwan and parts of India have or are currently introducing bans on plastic bag manufacture and distribution. In Bangladesh, serious flooding resulting in major loss of life has been linked to plastic bags blocking drains. In March 2002, a ban on the manufacture and use of plastic bags was introduced.

How can a levy provide free calico bags for every Australian household?

There is one aspect of the Coles Bay ban which could be implemented in order to assist with the introduction of a plastic bag levy. At the start of the ban, every local Coles Bay household was given 5 free calico bags. This made the changeover from plastic bags a lot easier for every household.

Revenue from an Australian plastic bag levy could be used to fund 5 free calico bags for every Australian household. With an equivalent capacity to 8-10 plastic bags, these free calico bags would be particularly beneficial to senior citizens, families and those people who are receiving social security.

For large orders, calico bags can already be bought direct for as little as 65 cents each. Indeed, Aldi already sell them in-store for 69 cents. With 7.5 million households in Australia, these 5 free calico bags per household would cost a total of \$24.4 million. 10 calico bags, with an equivalent capacity to 16-20 plastic bags could be given free to every household for only \$48.8 million or less.

If we assume a reduction in Australian plastic bag use of 90% (as has been seen in Ireland), this would mean that a 25 cent levy could only be charged on 10% of the plastic bags currently being used – this would be a total of 690 million bags. 690 million bags at 25 cents each would bring in an annual levy of \$172.5 million (or \$490,000 every day).

If the government underwrote the giving away of the 5 free calico bags to every household, it would only take it 50 days to recoup their monies from the levy. 10 free bags to every household could be recouped within 100 days. This would also have the additional benefit of people seeing up front that the plastic bag levy is immediately being used for a specific environmental purpose and benefit.

What else can an Australian plastic bag levy fund?

As in Ireland, the funds arising from a plastic bag levy need to be set aside for environmental projects. To keep the public onside, the expenditure of these levy monies needs to be transparent and audited on an independent basis.

Funds arising from a voluntary or mandatory levy must be seen to bring about immediate environmental benefit. One possibility in a post-levy Australia is as follows – why not give contracts for manufacturing reusable polypropylene bags to the Australian companies who currently make plastic check-out bags?

4 billion HDPE plastic bags are imported annually, at the expense of the local Australian plastic bag industry. These imported plastic bags could be replaced by Australian-made calico bags or polypropylene bags similar to the ‘Green Bags’ in Ireland.

A levy generated order of this kind could give the local plastic bag industry a new revenue stream.

Such a move could possibly lead to a **securing of jobs** within these Australian companies, instead of the losses that some of them fear as a result of a levy.

The most popular reusable bag in Ireland has been the ‘**Green Bag**’. This is a green coloured recyclable non-woven polypropylene bag. This bag could be made by these local plastic bag companies and funded by the levy. It can also be recycled through the plastic bag recycling bins in Coles Supermarkets.

Additionally, the cotton for the calico bags could be **organically grown** here in Australia. Allocating free calico bags to households could provide a firm market for Australian farmers who wish to develop Australian-made organic cotton. This would be another immediate environmental benefit that could be seen to come from the implementation of a plastic bag levy.

Surplus funds from the levy could then be used on a variety of other environmental projects such as fixing up the Murray and the mass planting of trees to offset the problems of salinity that are facing our economy and farmers.

Does the effectiveness of a plastic bag levy wear off over time?

The levy introduced by the Irish Government has worked and is continuing to work.

When asking this question, one needs to judge it on two fronts. Firstly, one needs to look at the level of the levy charge that is being directly applied to the plastic bags at the check-out.

If the charge is small, then this charge may initially be successful in the short term in reducing plastic check-out bag usage. However, a low price does run the risk of people eventually absorbing the charge into their grocery budget. **Therefore a levy should not be set too low.**

Planet Ark is supportive of IKEA Australia’s move to charge for plastic bags. In the short term, this charge has led to decreases of **up to 85%** in the number of plastic bags being used. Whilst it’s very good news that IKEA are charging for plastic bags and significantly reducing their usage, our only concern is that the low 10 cent price runs the risk of being too low to change long term behaviour to the same 85% figure.

Either way, any charge on the bags will still reduce plastic bag usage in the short and long term.

The Irish have deliberately set their levy at a high 25 cents per bag charge in order to avoid this potential problem. This high price has reduced their plastic check-out bag usage by 90%. Despite the fact that it was introduced in March 2002, there has been no drop off in the number of people using reusable bags. If anything, anecdotal evidence indicates that the use of plastic check-out bags is still dropping.

Secondly, as in Ireland, is the bag levy charge being detailed on the receipt that that customer gets indicating that they have been directly levied for each plastic bag that they have been given? Or is the charge hidden in the cost of the groceries? This is a key point that is often ignored by people opposing the levy. If the levy charge is directly detailed on the receipt, as it is in Ireland, then the customer has a bigger incentive to reduce their use of levy charged plastic bags and to keep doing so.

Security and Safety

There has been some publicly expressed concern from retailers in Australia that the introduction of a levy will lead to a potential increase in theft from stores.

People we have observed using reusable calico bags do not put goods into their bags until they are at the till in front of the cashier. They put their goods in a trolley or basket like everyone else. Every product they buy has to be accounted for on the receipt that they get.

Many stores already have signs saying that anyone entering their store can have their bag(s) searched. So a system is already in place in Australia to minimise shoplifting by people bringing bags into stores.

As we know from media coverage on the issue, even with the current plastic bag system in place, shoplifting has and always will be a problem in Australia's stores. Planet Ark supports moves to minimise shoplifting, but we do not believe that a levy will lead to an increase in product theft.

In relation to shoplifting, Aldi Supermarkets in Australia already operate a system, where like Ireland, they do not give away plastic bags - they charge for them instead. People are also able to use trolleys to take groceries out to their car, just as they do in Ireland. The Senate would do well to check out whether Aldi have any additional problems with shoplifting because they do not give away free plastic bags.

The Australian retail industry have said that the Irish have experienced an increase in the theft of wire baskets and trolleys.

According to the Nolan ITU 2002 plastic bags report, theft of product has not been a much bigger issue than it was before the levy was introduced. Tesco stores, who have carry baskets which were able to be used outside of the store, did experience a level of basket theft in the first three months. According to Nolan ITU, this was not experienced in other stores where baskets could not be used outside the store or where a deposit was required to use a basket.

Trolley theft has also not been an issue. Abandoned trolleys that are left a block away from the supermarket are, but then this is a problem that we have long experienced in Australia - hence the campaigns by Australian supermarkets asking customers for help in returning errant trolleys. Walk around the suburbs near any major shopping centre in Australia and you'll see shopping trolleys abandoned by the roadside. It's not a uniquely Irish problem.

Retailers have also been asking questions about food safety, pointing out that one week you could put detergent in your reusable bag, only to put meat in the same bag the following week.

Under the proposed levy system, meat, poultry, vegetables and nuts etc will still be wrapped in small plastic bags. This will minimise any potential food safety problem enormously. Secondly, some Irish stores sell reusable bags that are marked out for specific product types (i.e. meat or detergents).

Finally, customers can also wash their reusable calico bag if this issue is of concern to them. This is something that Planet Ark staff and other people often do in order to keep their bags clean.

Plastic Bag Recycling

Some companies have argued that the alternative to a levy is to recycle more plastic bags and include more recycled plastic content in plastic check-out bags.

Supermarkets in Australia have tried hard to encourage plastic bag recycling. Stores such as Coles, Woolworths and Safeways have all offered plastic bag recycling facilities for a number of years. However, figures indicate that less than 3% of Australia's plastic bags are currently being recycled.

Increasing the recycling of plastic bags would undoubtedly lead to a reduction in the use of virgin plastic resources needed to make the bags.

But the recycling of plastic bags will do nothing to reduce the 6.9 billion plastic bags that Australians currently use every year. Bearing in mind the current lack of public enthusiasm for recycling plastic bags, it is also questionable whether plastic bag recycling would have much impact in reducing plastic bag litter.

Planet Ark runs a recycling service called 'RecyclingNearYou' (www.recyclingnearyou.com.au) which details all the recycling that takes place at every local council. To keep this updated, Planet Ark is in constant touch with recycling officers at councils Australia-wide.

As part of their plan to oppose the levy, industry are currently calling on local councils to provide plastic bag recycling facilities in kerbside recycling bins. Whilst this sounds reasonable in principle, many councils have told Planet Ark that plastic bags are the single main contaminant in recycling bins and they do not want them included in kerbside recycling.

Tony Cade from Waste Service NSW provided Planet Ark with a bullet point assessment of the deleterious impacts of plastic bags on WSNSW operations.

1. Plastic bags are a significant contributor to windblown litter.
2. Plastic bags hinder biological resource recovery operations (eg organics composting/processing).
3. Plastic bags also inhibit the degradation/breakdown of landfilled waste.
4. Plastic bags are a contaminate in their kerbside recycling schemes that impact on product quality and can contribute to separation equipment breakdowns.

When it comes to recycling, plastic check-out bags also have a low value per tonne, which impedes the commercial incentive to recycle them. As plastic shopping bags have an average weight of 5.5 grams, approximately 180,000 bags are required to make up a tonne of plastic bags.

The retail industry are calling for an expansion in plastic bag recycling. Planet Ark would strongly question whether there is a viable unsubsidised market for recycling these extra plastic bags. At the moment, the majority of plastic bags collected for recycling in Australia are exported overseas.

Senate representatives may wish to talk to the companies who currently collect used plastic bags from Australia's major supermarkets in order to assess the market viability of increasing plastic bag recycling in Australia.

One of the key issues with recycling plastic bags is that they also need to be clean of any contaminants. Anecdotal evidence suggests that many of the plastic bags put into recycling bins contain foreign material that impedes the efficient recycling of the plastic bag. In addition to this (*depending on the sorting system being used*), the light weight of plastic shopping bags can make it difficult to sort them using a mechanical separation process.

Levy Impact on the reuse of plastic bags

The retail and plastics industry have publicly referred to the “high levels’ of reuse of plastic check-out bags. A survey carried out by the Plastics Industries Association in 1992 indicated that 85% of people reused plastic shopping bags for some application. But how realistic is this figure? And how many plastic bags are actually reused?

Much research on plastic bag reuse has tended to be vague. The above figure would be easily obtained if you asked someone the question “Do you reuse your plastic check-out bags?” Most people would reply “yes” to this question, even if they were only reusing 1 of the 6 or more plastic bags that they each use every week.

The research done to date has not properly determined “what percentage of plastic bags do people actually reuse?”

In the Nolan ITU December 2002 report on plastic bags ‘*Plastic Shopping Bags – Analysis of Levies and Environmental Impacts*’, Nolan ITU estimated that 60% of households reuse plastic bags as bin liners.

However, the report further stated that: “Based on the assumption that 60% of households reuse (*plastic*) bags as bin liners, the percentage of supermarket shopping bags used for this purpose would be approximately 19%”.

This independent estimate means that 81% of supermarket plastic check-out bags are NOT reused as kitchen bin liners. Not such a significantly high level of reuse after all.

One glimpse into the real reuse figures of plastic check-out bags can also be gleaned from Ireland.

Since the introduction of their plastic bag levy, the extra amount of kitchen bin liners being sold amounts to approximately 70 million bags. These extra kitchen bin liners are presumably being bought by those consumers who are replacing the free plastic check-out bags that they once reused in the kitchen.

1.28 billion plastic check-out bags were being given away prior to the introduction of the levy. This 70 million increase in kitchen bin liner sales indicates that when it came to reusing free plastic check-out bags as kitchen bin liners, there was a plastic bag re-use percentage of only 5.4%.

Are Plastic Bags Really ‘Free’?

Most consumers think of plastic-check-out bags as being ‘free of charge’. However, the cost of plastic bags to the consumer is a hidden cost. The Nolan ITU 2002 report on plastic bags estimated that the average hidden cost of single use plastic bags in Australia is \$10 per person per year.

An internal supermarket industry memo leaked to the Sunday Telegraph indicated that ‘free’ plastic check-out bags are adding \$100 million a year to Australia’s grocery bills.

Using the following figures, Planet Ark estimates that the hidden cost to our shopping bills is possibly nearer \$173 million.

(According to the report “Plastic Shopping Bags – Analysis of Levies and Environmental Impacts”, singlet bags make up approximately 70% of the estimated 6.9 billion plastic bags currently used at an average price of 1 cent per bag. The report further assumed that wavytop bags cost an average of 3 cents per bag and are approximately 17% of the market. Of the remainder, boutique bags cost an average of 10 cents per bag).

Ireland has used the levy to achieve a 90% reduction in plastic check-out bag use.

Regardless of which of the above figures is correct, if we used a levy to achieve the same percentage plastic bag reduction in Australia, we could potentially remove tens of million of dollars from our grocery bills. Or at least add tens of millions of dollars to the bottom line of retail outlets.

What if we carried on with the current voluntary approach?

The 2002 Nolan ITU report on plastic bags that was carried out for Environment Australia stated that “Some changes to consumer behaviour would be achieved through a comprehensive revamping of the current ‘Code of Practice for Plastic Shopping Bags’. The changes would be modest **if not combined with a levy** and accordingly the environmental benefits would be minimal.”

This is a sound argument for a levy on plastic check-out bags.

The Plastic Bag Levy - Administrative Issues

Any levy that is imposed in Australia needs to be imposed at the retail point of sale. It is Planet Ark’s opinion that retailers must be legally obliged to pass on the levy directly to the customer, with the **levy itemised on any invoice, receipt or docket issued to customers**.

This way, Australian consumers would directly see the cost that they have to pay for plastic bags. This would reinforce the ‘deterrence’ aspect of the levy in getting people to change their behaviour and bring their own ‘free of charge bags’ when shopping.

In Ireland, retailers are required to keep records of the number of plastic bags that have been levied and they have to make payments to the Revenue Commissioners on a quarterly basis. This record keeping requirement was designed to **minimise the compliance burden** on the retailers.

According to the 2002 Nolan ITU Report on plastic bags that was undertaken for Environment Australia, the administration and implementation costs for the Irish retail **industry have been minimal**:

“The Irish levy has resulted in a minor resource offset through increased kitchen tidy bag sales increases. It has not resulted in an impact on retail sales, product theft levels, or compromises in staff or customer safety.”

Coles Myer has undertaken preliminary estimates which indicate that each consumer transaction using reusable bags would take 5 seconds longer. They have estimated that this would result in an additional cost to the industry of \$82 million.

Using the same figure of an additional 5 seconds per transaction, Nolan-ITU estimates that this increase would result in an additional cost of \$52 million to all retailers and only \$28 million to supermarkets alone.

In their report, however, Nolan ITU identified ways in which these additional costs could be reduced:

“It may be the case that in the long term, transaction times do not increase at all. The likelihood of this is increased if structural changes are made to checkouts making them more reusable bag friendly and a large number of customers become proficient at packing their own reusable bags which reduces the actions required by sales people.”

They further added that:

“A standard reusable bag, agreed to and sold by all major retailers, would significantly affect the change in checkout time caused by a swing away from plastic bags. A significant proportion of ‘no bag’ purchases will also reduce transaction time.”

The CEPA Trust have undertaken detailed studies on transaction times which give an even more detailed look at this issue. The Senate would do well to look at this report, which can be obtained from Ron Clarke. As Nolan ITU have identified, Planet Ark believes that when customers help to pack their own reusable bags, they can actually sometimes be quicker than the check-out person doing the ‘swiping’ and packing on their own.

As was covered earlier, Nolan ITU also looked at whether stealing and shoplifting led to additional costs that could be associated with an increased use of reusable bags. Their summary was that:

“Supermarkets in Ireland reported an initial increase in the pilfering of shopping baskets, which has since eased, and have experienced no increase in shoplifting.”

It is not considered that a levy system in Australia would measurably increase the incidence of theft, however, some stores may need to increase the profile of receipts for checking proof of purchase on leaving the store.”

When it came to assessing the logistical impact of administering the levy, Nolan ITU reported that:

“Retailers are most likely already accounting for the number of plastic bags bought and sold, therefore the administrative cost to retailers, particularly of a levy on the suppliers of bags, would be small. Retailers would have to be able to prove that they paid the levy on their plastic bags and that they passed this on to their customers in full if audited.

In setting prices for reusable bags, retailers will presumably be governed by market forces, so that reusable bags are provided at the price at which retailers cover their costs. In addition to the normal forces of competition, retailers have the added incentive of ensuring that they do not unnecessarily limit their customers purchases by over pricing bags.

Overall, the net cost impact of each of the scenarios to retailers is impossible to quantify. There will be minor administrative costs, perhaps some security costs or temporary increase in the theft of store baskets and trolleys and some store reconfiguration to adjust to increased use in reusable bags.

The ongoing administrative costs to both government and retailers from a levy are likely to be small if procedures are well structured.”

The retail industry currently spends **\$173 million** a year giving away ‘free’ single-use plastic bags.

In Ireland, the levy reduced the amount of plastic bags being given away by more than 90%. A similar reduction in plastic bag use in Australia could lead to **massive cost savings** for retailers of **many tens of millions of dollars** every year. These plastic bag purchasing savings will more than offset any additional costs that could arise from the implementation of a plastic bag levy.

In addition to reducing this cost, retailers will also be able to make profits from selling reusable bags. This is another method by which the retail industry could offset any additional levy implementation costs.

Conclusion

The proposed plastic bag levy is an optional tax. Those consumers who don't want to pay the tax levy can avoid it by bringing their own reusable bag to the supermarket.

No Australian will be forced to pay 25 cents for a plastic bag if they've already brought their own reusable bag to the supermarket. The reality is that the vast majority of the Australian public will start taking their own bags to the supermarket when they are finally faced with a plastic bag levy charge.

One of the key findings of the Nolan ITU report on plastic bags was that *"A consumer focussed bag levy will result in a substantial shift in consumer behaviour. This will result in lower single bag usage, greater use of reusable bags and an increase in 'no bag' retail transactions."*

The report also stated that: *"The assessment shows that the legislated 25 cent levy achieves the best environmental outcomes against all of the indicators, followed by the legislated 15 cent levy. Both of these policy scenarios cut energy use by over 50%, and achieved a significant reduction in litter (82% and 71% respectively)...The expanded code of practice only produces a small positive environmental outcome."*

The report also found that a 25 cent levy *"achieves the most significant reductions in environmental impact when compared to Scenario 4 (the current Code of Practice)"*, ie.:

- 63% reduction in primary energy use
- 65% reduction in global warming impacts
- 82% reduction in contribution to litter (using persistence as the measure)."

IKEA Australia has shown that Australians will change their behaviour when faced with a charge on plastic bags. The Aldi discount supermarket chain has shown that lower income families will take their own bags or containers to the supermarket in order to avoid paying for plastic bags.

A levy imposed on plastic check-out bags bought by customers has been proven to work in Ireland. Their example is one that can be easily implemented in Australia. The example of Coles Bay in Tasmania where a whole town has banned plastic check-out bags, has shown that Australians will easily adapt to shopping without 'free' plastic bags.

Plastic bags are a bag habit that we need to break. We need to show our kids that there is a less wasteful way to live our lives – using a levy to reduce the 6.9 billion plastic check-out bags that Australians use every year is a good place to start.

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