

# TRANSCRIPT

## STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

### Inquiry into the Environment Protection Amendment (Banning Plastic Bags, Packaging and Microbeads) Bill 2016

Melbourne — 20 April 2017

#### Members

Mr David Davis — Chair

Ms Harriet Shing — Deputy Chair

Ms Melina Bath

Mr Richard Dalla-Riva

Ms Samantha Dunn

Mr Khalil Eideh

Mr Cesar Melhem

Mr Daniel Young

#### Participating Members

Mr Greg Barber

Mr Jeff Bourman

Ms Colleen Hartland

Mr James Purcell

Mr Simon Ramsay

Ms Jaclyn Symes

#### Witness

Mr Jos de Bruin (affirmed), Chief Executive Officer, MGA Independent Retailers.

**The ACTING CHAIR (Mr Melhem)** — We welcome Jos de Bruin from MGA Independent Retailers — the CEO, I understand. I will just go through some formal proceedings first. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provisions of the Legislative Council standing orders; therefore the information you give today is protected by law. However, any comments repeated outside this hearing may not be protected. All evidence is being recorded. You will be provided with a proof version of the transcript in the next couple of days. I invite you now to make any opening comments or make any presentation you wish to make prior to the committee asking questions. I will give you about 5 minutes to give us a bit of an overview of the association's view on this matter, and then we will go to questions. Unfortunately due to the alarm earlier we had to reduce the session to 45 minutes. I think you should have plenty of time because there are only two committee members, so please go ahead.

**Mr DE BRUIN** — Thanks, Mr Melhem. Master Grocers Australia — MGA — are a nationally registered employer organisation. We have members in every state and territory in Australia. We comprise independent supermarket owners and operators, and liquor stores. Around the nation we employ 115 000 people. We have a turnover of just over \$14 billion in sales.

Around the countryside we have got 2700 branded independent supermarkets — FoodWorks, IGA, Friendly Grocers, SPAR, Foodland and so on — and we also have other independent style grocers in Victoria by the names of Leo's, La Manna Fresh and so on. We also have a number of liquor stores that operate under brands such as Cellarbrations, Bottlemart, Duncans and so forth. These stores, we would say, are comparatively much smaller when juxtaposed against the larger supermarket chains — Coles and Woolworths — and their liquor stores.

In Victoria we have got 652 members. They are independent supermarkets and packaged liquor stores by and large. We employ over 25 000 people, and we transact over \$4 billion in sales. To give that some perspective, we are servicing about 3.5 million customers a week, and that would be more than 182 million customers per annum, so we are not an insignificant sector.

Look, as an organisation we applaud the intent of the proposed restriction on plastic bags and packaging; however, we are fundamentally opposed to any further red tape and cost burdens being applied to our retailers — to the retail sector in general. Our current practices are around serving customers as best we can, giving them an exceptional shopping experience. We want them to keep coming back. Part of that service at the moment is that we do provide plastic bags to assist them to take their groceries back out to their vehicle. It is costly, I have to say; we fund those plastic bags and we give them to our customers free of charge.

We have many self-imposed standards for conduct within our industry where we actually promote the use of enviro bags. We have them available at the check-outs; we have them available for sale at a very token price — it is really the cost price we buy them for. We encourage, where possible, our customers to use those enviro bags. The two areas that we have concerns with are, yes, the plastic bags but also the notion around banning packaging and so forth concerning fresh fruit and vegetables that are available within the supermarket. With the way in which today fresh meat, fish, chicken and so forth is packed on trays and shrink-wrapped and so forth, it seems to me that that method of packaging is implicated.

Just to follow on from the self-regulatory side of things, we do work very, very closely with local councils in a number of areas around Victoria. We have given ourselves self-imposed restrictions on plastic bags in places like Anglesea and Mount Martha — those tourist seaside resorts and so forth — so we do partner with local councils as much as we can.

Look, consumers generally are very aware, I would offer, but we are human. In many, many cases you will find a retailer saying to you that when their customers come into the stores and they have not got their enviro bags with them and they are asked for them — and they are always asked for them — they will invariably say, 'I've left them in the boot of my car'. It is just one of those things; it is a human error. They are actually apologetic in the majority of cases, happy to take the plastic bags for the convenience, move out of the shop and hopefully remember their bags next time.

The issue that we have with a number of our members in South Australia, where the usage of plastic bags is restricted, is that we are actually refusing to put groceries and fresh produce and so forth in enviro bags that we are receiving from the customer owing to the hygiene. Often bags are filthy, dirty and unhygienic, and we refuse

to put the groceries in those bags. In South Australia there is a larger micron bag that is available that we sell, and ultimately that is what happens — they have to buy their own plastic bags because we will not use their enviro bags. The other thing about the consumer that we are getting a lot of feedback about is when we ask for their enviro bags they say to us, ‘Yeah, we’d bring them in, but we actually use those bags for our internal rubbish’. They are used in smaller receptacles and used as bin liners. So we say, ‘Good on you. That’s another form of recycling. You’re reusing’.

I think what banning plastic bags will do, if I can just talk to the word ‘banning’, is that our members all over Australia and in Victoria are just over this notion of banning. We should put a ban on bans, really, because every which way we turn there is a new cost, a new regulation, a new piece of red tape. With the greatest of respect to the current government, it has only continued to add cost to the way we do business. Whether it be Sundays, Easter Sunday being declared as a public holiday, whether it is the AFL Grand Final public holiday, these are all additional costs. This is, to us, an additional cost.

The perishable fruit and vegies area — and I think we would all be familiar with that area in a supermarket — as well as the meat and chicken and all that fresh produce, is held together in, for want of a better term, freezer bag-style bags. We have a sense that they are being targeted. We have no idea what a solution might be to replace those. When you look at potatoes packed in plastic bags or carrots in plastic bags, you see beans and broccoli on trays which are shrink-wrapped. As I said before, meat, chicken and fish are also shrink-wrapped on trays and so forth. It is all about providing the best possible service to the customer in the most efficient, hygienic manner that we can. The packaging is designed in such a way to be hygienic and to be safe from supermarket to freezer or to use that particular evening.

Just to sum up, I would offer that if the bill were to be introduced, it would add significant costs to consumers directly and indirectly — indirectly in that it would put the price of fresh produce and fresh meat and chicken and so forth up in stores because it would mean that alternative packaging would need to be sought and the consumer would ultimately have to pay for those plastic bags, from what we can see. So we would offer that we are completely committed to reducing plastic bag usage. We certainly watch our packaging when it comes to fresh fruit and vegetables and meat and so forth in a supermarket environment, because to us they resemble cost to do business, so we certainly do not use them willy-nilly. We would like to see the government commit to a very strong education program to help consumers remember their enviro bags when they go shopping. Thank you for the opportunity, Mr Melhem and Ms Dunn.

**The ACTING CHAIR** — Thank you, Mr de Bruin. You talked earlier about the experience of your members in the other states. You did say something about the experience you had with dabbling in unhygienic bags and so on. Are there any other challenges your members have faced in the other states as a result? For example, you might have seen a number of states have bans on plastic bags — not the packaging, the plastic bags you take your shopping home in. So apart from that example, any other difficulties or — —

**Mr DE BRUIN** — Look, it is just consumer backlash, really. But the plastic bags are there as a service to the customer, so we are really reliant upon the behaviour of the customer, and ultimately we as retailers are blamed for anything that steps in the way of convenient shopping or customers having to put their hand in their pocket to pay more for something.

The interesting thing in South Australia is that they are actually dispensing more plastic bags than ever before just in recent years because of the reasons I mentioned before. People are forgetting their enviro bags. They did put a ban on a smaller micron plastic bag in South Australia. A larger micron bag is permitted, but it is only there as a last resort, and it is for sale. The plus there is that it has reduced the cost of plastic bags to our retailers, and that cost is being passed on to the consumer.

**The ACTING CHAIR** — Have you got any figures in relation to the example about hygiene for some of these bags people brought in and that they were dirty. You would not put your vegies and fresh produce in them. Is there a percentage we are talking about? Is it 1 per cent of scenarios — —

**Mr DE BRUIN** — I am sorry, I cannot provide you with that.

**The ACTING CHAIR** — So there is no hard — —

**Mr DE BRUIN** — It is really interesting, because it varies from area to area, and these enviro bags are not being used just for groceries. You will find they are used for everything — going to the gym, shoes, tools, you name it. They have become an all-purpose bag.

**The ACTING CHAIR** — One of your competitors, Aldi, for example, has introduced a ban, or a voluntary ban. They do not provide plastic bags. To me, they are doing reasonably well. I think their share of the market sort of speaks for itself. Have you got any comments to make? How are they managing? How have people accepted that approach? Because they are the same market as your members. Have you got any comments to make on that — why their model is actually working?

**Mr DE BRUIN** — Sure. Plastic bags are being sold in Aldi. What we are finding is that Aldi is more of a destination shop, so people plan to go to Aldi and they plan to do a large shop. They do not go there daily; they might go there every three weeks or every month, perhaps. Maybe some people are going there fortnightly. But they are going for a major shop. You will rarely find people going to an Aldi store for convenience, so with that particular shop, they prepare themselves with a shopping trolley of their own or they will avail themselves of boxes or they will actually remember, because it is a destination shop, to take their enviro bags in. So it is a different shopping experience, if I could put it that way.

**The ACTING CHAIR** — So if I break down the bill to a number of areas, my understanding and what we have heard from other witnesses in relation to fresh fruit packaging, meat packaging et cetera is that is something I think a lot of people are saying it would be wrong to actually go and ban that, for various reasons. But in relation to the actual plastic bags that can take shopping home, I think there has been a mixed reaction. There tends to be more support towards that aspect and maybe banning that. So should the Parliament, or the government, look at doing that? Regarding the time frame proposed by the bill, which is September this year, have you got any comment to make about the timetable? Is that a realistic timetable, or should it be a longer timetable? Should the government or the Parliament legislate on that?

**Mr DE BRUIN** — I think our members around Victoria are fairly agile. If there were a law that came into place, we would hope to think that we could adjust to that particular law fairly quickly, but it is more of a consumer reaction or a consumer backlash that we would be concerned about.

You have got to remember that, at the moment, plastic bags — millions of them — are at our expense, and what we are proposing is restricting or banning plastic bags now. We would hope to think that the fact that we are not offering plastic bags will not, given our small market share, deter customers from coming up into our supermarkets over and above other supermarkets. We are just concerned about our competitive advantages, if you like, our convenient shopping and our customer service proposal to customers.

If everybody is going to be banning plastic bags and it is a common behaviour across the board, then we will obviously adjust, but it is more the consumer that needs to adjust. They need to get it into their heads that if they do not have an enviro bag, how else are they going to get their groceries out of the store? And if there is a larger micron plastic bag available in the store, they will be paying for it.

**The ACTING CHAIR** — So any ban has to be a universal ban, not just selective, otherwise it will not work.

**Mr DE BRUIN** — That is correct. I would offer, though, that I think in the areas where it is voluntary and communities are working together it is really effective.

**Ms DUNN** — Thank you, Mr De Bruin, for your presentation this morning. You have talked about plastic bags being costly to your members in terms of providing them to the consumers. You talked about freezer bags and also the single-use grocery bags. I am wondering if you have any data on what the quantum of that cost is to your membership in terms of their business operations.

**Mr DE BRUIN** — I am sorry, I do not have a quantum as such, but one supermarket in Mount Martha would spend \$36 000 a year on plastic bags.

**Ms DUNN** — Are we talking the single-use grocery bags, not freezer bags?

**Mr DE BRUIN** — Yes. When you go in and buy your milk, your bread, your eggs, your groceries and your meat, if you do not have an enviro bag, they will pack your groceries in a plastic bag. I think in the case of Mount Martha they do use a certain micron, a larger style of plastic bag because of the environment as well.

**Ms DUNN** — To try and understand the context of that \$36 000, how many customers would that particular supermarket have?

**Mr DE BRUIN** — It depends on the season, of course, but they would be doing 12 000 customers a week.

**Ms DUNN** — I guess in Mount Martha that does vary because you have got tourism in place as well.

**Mr DE BRUIN** — It is just one example. If you were to go to Anglesea, the ratios are even larger because only in the holiday season and school holidays do you really get the through traffic in there.

**Ms DUNN** — I guess where I am going with this is, if there was a universal ban in place in Victoria, there is a potential saving to your members which, I take the point, will be passed on to consumers who are not in the habit of bringing their own bags. But there are potential savings to retailers, which of course impacts their bottom line.

**Mr DE BRUIN** — It will, yes, but we see it as a cost to doing business and it is a cost to serve and it is a part of the service that is expected of a business like ours. It is just like paying an energy bill; we pay a plastic bag bill.

**Ms DUNN** — But in terms of understanding the consumer backlash, that backlash would be borne across all retailers, because if it is universal, you have got to deal with it no matter where you are buying your groceries or whatever it is you are buying and using those single-use bags, so surely that is a level playing field.

**Mr DE BRUIN** — In that respect, yes.

**Ms DUNN** — You talked about the packaging of fruit and veg and meat. It is my understanding the bill in fact does not apply to meat and only applies to fruit and vegetables. You talked about safety and hygiene. Is there a regulatory framework in place that determines that retailers must package their fruit and vegetables in that way to maintain hygiene or safety?

**Mr DE BRUIN** — I do not think so. Food safety is generally administered or regulated through the local councils, and they are very, very strict. They are constantly checked, rigorously in fact. No. It is more about the efficient and the hygienic handling and then exposure of fruit and vegetables, if you like. Packaging also really gets down to convenience. Rather than putting in their hands and sifting through beans, consumers want to pick up a tray of beans that have been prepacked and prewrapped and take them home and know that they have not been touched by human hands, so to speak. It is just the way we are able to conduct business in an efficient and hygienic manner.

**Ms DUNN** — It is my understanding in looking at this issue that it is also around having the appropriate barcoding on the appropriate product as well to make sure it actually goes through as what it is, not potentially as something else.

**Mr DE BRUIN** — On the prepacked foods, yes. But of course if you are buying loose fruit and vegetables, they are weighed and accounted for at the register. Yes.

**Ms DUNN** — I was interested in your example in South Australia where you talked about retailers refusing to put groceries into bags because of the hygiene or the level of dirtiness of those bags. What strikes me in that is that the customer clearly does not have a problem with it if they have brought that bag in and presented it as a suitable device to carry their groceries. I guess I am interested in the tension if I am a customer and I have got a bag — the reality is that I have got a few of those bags myself and I am not sure whether they meet the South Australian criteria because some of them are stained; they are not dirty, but they are stained — and the tension around providing customer service to someone who has made the effort to bring a bag and refusing to actually pack that bag.

**Mr DE BRUIN** — I think our retailers feel they are in the gun for a lot of red tape and regulations, and there is enormous compliance that takes place at store level. If food was taken home and it was deemed to be

contaminated, it is very easy to blame the retailer who sold that food, and I think that is where our retailers are becoming very hesitant around the litigious attitudes of consumers these days. It is not their fault; it is the fault of the retailer, the manufacturer, the processor.

**Ms DUNN** — Yes. So it is about, I guess, the fact that there is such a litigious nature out there. They are trying to cover themselves essentially from any contamination issues.

**Mr DE BRUIN** — Yes.

**Ms DUNN** — You talked about the fact your retailers have the self-imposed standards that you set and that you have enviro bags for sale for retailers. I am just wondering: has your organisation done any sort of data collection around whether, with the introduction of those environmental bags, you have seen a reduction in single-use plastic bags? Have you done any measurement as to whether that has in fact reduced that plastic use?

**Mr DE BRUIN** — There is evidence there particularly for the larger shoppers but not the convenience side of things. People are shopping more often now. Some people really do not know what they are having for dinner until 3.00 or 4.00 p.m. on the day they go into a supermarket, so we are finding that people are going into our supermarkets, you know, four or five times a week now. Often they are forgetting those enviro bags, and we are having to service them with plastic bags. The people who are going in for a larger weekly shop generally do remember their enviro bags. That is just the way it goes, and I think that is probably a trend across the entire supermarket industry.

**Ms DUNN** — So a lot of this is around consumer behaviour change.

**Mr DE BRUIN** — Yes.

**Ms DUNN** — Would you see that, as part of any particular ban that might be in place in Victoria, probably a significant education campaign might go some ways to effecting that consumer behaviour change?

**Mr DE BRUIN** — It has to. I think any form of community or cultural change needs to be driven with robust education or knowledge-based programs, yes.

**Ms DUNN** — I just want to go back to your answer to the last question on the introduction of enviro bags and reduction of single-use plastic bags. You said there is evidence. Are you able to point the committee to that evidence or perhaps take it on notice and get back to us?

**Mr DE BRUIN** — Sorry, Ms Dunn, what were you looking for? What evidence were you looking for?

**Ms DUNN** — So the question was around the introduction of enviro bags for sale and the potential reduction of single-use bags and whether there is evidence that single use has reduced because of that. I am just wondering: are you able to point us to where some evidence might be around that?

**Mr DE BRUIN** — It is interesting because we are talking about a process, not an event.

**Ms DUNN** — Yes, I know.

**Mr DE BRUIN** — So the process needs to be constantly reinforced. In South Australia there was a process, and then it became an event and people forgot and the reinforcement was dropped, and so more and more plastic bags are now being used than ever before in South Australia. Anything new needs to be a process and not an event — so constant reinforcement that plastic bags are restricted for sale. It needs to be a community-based program of education.

**Ms DUNN** — Yes. Sorry, did you just say that now there is more use of plastic bags in South Australia?

**Mr DE BRUIN** — There is.

**Ms DUNN** — Can you point me to where that data might be?

**Mr DE BRUIN** — Any of our members you would like to speak to, I will put you straight onto them, whether it is a multistore owner or a single-store owner in South Australia.

**Ms DUNN** — And they track that data? Well, I guess they will know from the amount of plastic bags that they are actually buying to support their businesses.

**Mr DE BRUIN** — Yes.

**The ACTING CHAIR** — Is that because you can still use these plastic bags as a last resort?

**Mr DE BRUIN** — That is right.

**The ACTING CHAIR** — Because there is no total ban.

**Mr DE BRUIN** — Yes.

**The ACTING CHAIR** — That is the discrepancy in the South Australian model. What about other states in your experience, like New South Wales and Tasmania?

**Mr DE BRUIN** — It is all self-regulated around New South Wales, but there are other states looking into it as well for different reasons, like the Great Barrier Reef and that kind of thing. Generally speaking the public's awareness of the environment, plastic bags, their recyclability and so forth is high. Yes, it could be higher and people could be made to be more aware. I just wonder how deep a problem it really is and why we are having to go to these lengths. That is my only question, and that is the question that our retailers ask as well who deal day to day with customers, who themselves say, 'Well, what's this all about?'

**The ACTING CHAIR** — I mean change is always difficult, but I think there is a general acceptance that plastic bag usage in the country and anywhere in the world is causing some real problems in relation to pollution in the environment, marine life and various other areas.

**Mr DE BRUIN** — Sure.

**The ACTING CHAIR** — So it is a problem. We all agree it is a problem. Now the debate is: what is the solution? So if we then look at, for example, this bill and specifically deal with the single-use bags, the only way to get a good result is to have a total ban. You cannot just sort of be half-pregnant, if I can use those terms, like the South Australian model. Is that something that is a fair assessment? We can agree or disagree, but if we are going to do something, you either totally ban it or do not ban it at all, or you just continue the current arrangement of the voluntary system.

**Mr DE BRUIN** — It is interesting, Mr Melhem, because we were part of the consultation process right throughout, and certainly as part of that we had one of our South Australian retailers involved. So I would have thought that the committee who had promulgated the report would have conveyed the South Australian situation to you already — that, like anything, it is a process and not an event. It has caused consumers to have to pay more. The recyclability of those single-use bags for home use is still there, but it did force consumers to have to go and buy their own single-use bags for in-house use, so there is a cost to this.

**Ms DUNN** — I was just interested in the bags that your members buy, and this could be complex in that you have many members — around 652 in Victoria alone. Are the suppliers of those plastic bags Australian manufacturers or overseas manufacturers? Do you have any idea of where they are from?

**Mr DE BRUIN** — Look, it varies, Ms Dunn. There are many plastic bags sourced in China, and they vary in size and they vary in micron. We dare not take on anything with a small micron, because you put 2 litres of milk in there and the bags fall apart, and you just cannot do that. So we generally buy a higher micron plastic bag that is strong enough to carry a number of groceries within reason.

**Ms DUNN** — Many of your members, though, would source those bags from China?

**Mr DE BRUIN** — No, from suppliers. So they are Australian businesses who source from China or elsewhere.

**Ms DUNN** — I see. So it is a wholesale arrangement.

**Mr DE BRUIN** — There are various packaging suppliers out there.

**The ACTING CHAIR** — One last question — microbeads, we did not cover that. What is your organisation's view on banning microbeads? There is a process in place now to look at a voluntary ban, and if there is no compliance apparently over the next while, we will be looking at a national ban. So has the association got a view on that?

**Mr DE BRUIN** — Look, science is not my greatest strength, Mr Melhem, so I dare not make a comment really. We are all about customer service.

**The ACTING CHAIR** — Thank you, Mr de Bruin. A copy of the transcript will be sent to you in the next few days for you to have a look at for any corrections. Also, should the secretariat require any further information from you, they will be in touch. Thank you for your contribution today.

**Mr DE BRUIN** — Thanks very much.

**Witness withdrew.**