



Environment and Rural Development Committee

25th Meeting, 2005

Wednesday 5 October 2005

The Committee will meet at 10.15 am in Committee Room 2

1. **Item in private:** The Committee will consider whether to take item 3 in private.
2. **Environmental Levy on Plastic Bags (Scotland) Bill:** The Committee will take evidence at Stage 1 from—

Panel 1

Alan Forrest, Regional Manager, B&Q plc;

Sarah Tew, Trading Law Manager, LIDL UK;

Becky Toal, Environment Programme Manager, the Co-operative Group Ltd;

Nigel Smith, Director of Corporate Social Responsibility, British Retail Consortium;

Panel 2

Niall Stuart, Press and Parliamentary Officer, Federation of Small Businesses;

Lekha Klouda, Executive Secretary, Association of Charity Shops;

Donna Heaney, Policy Manager, Scottish Consumer Council;

Panel 3

Kathleen Fraser, Health Protection Policy Team Manager, Aberdeen City Council;

Dr Colin Clark, Head of Waste Management, Highland Council; and

Gilbert Wilson, Head of Consumer Services, Renfrewshire Council.

3. **Proposed Animal Health and Welfare (Scotland) Bill:** The Committee will consider its approach at Stage 1, should the proposed bill be referred to it as lead committee.
4. **Inquiry into rural development (in private):** The Committee will consider a further draft report.

Mark Brough
 Clerk to the Committee
 Direct Tel: 0131-348-5240

The following papers are attached:

<u>Agenda Item 2</u>	
Briefing paper (<i>for members only</i>)	ERD/S2/05/25/2a
Submission from B&Q	ERD/S2/05/25/2b
Submission from LIDL	ERD/S2/05/25/2c
Submission from Co-operative Group	ERD/S2/05/25/2d
Submission from Scottish Retail Consortium	ERD/S2/05/25/2e
Submission from Federation of Small Businesses	ERD/S2/05/25/2f
Submission from Association of Charity Shops	ERD/S2/05/25/2g
Submission from Scottish Consumer Council	ERD/S2/05/25/2h
Submission from Aberdeen City Council	ERD/S2/05/25/2i
Submission from Highland Council	ERD/S2/05/25/2j
Submission from Renfrewshire Council	ERD/S2/05/25/2k
<u>Agenda Item 3</u>	
Note from the clerk (<i>for members only</i>)	ERD/S2/05/25/3a
<u>Agenda Item 4</u>	
Draft report (<i>for members only</i>)	ERD/S2/05/25/4a

SUBMISSION FROM B&Q

Background

B&Q is the UK's largest home improvement and garden centre retailer. B&Q has 34 stores and employs over 3,000 people in Scotland.

B&Q has been charging customers 5p for a plastic bag in its Scottish stores since 29 October 2004 with the proceeds donated to Keep Scotland Beautiful. There will be a further roll out of the Scottish trial in a region in England later on this year.

To what extent are plastic bags a problem, in terms of waste management and their impact on the environment, including wildlife?

Not least in perception terms, plastic carrier bags are a manifestation of the visual impact of litter and proliferation of the production of unnecessary materials. In our research we have come across information which tells us that millions of bags go to landfill every year, litter our streets and countryside and injuries and sometimes kills wildlife.

B&Q has been active in building programmes on environmental, ethical, community and diversity issues over the last 15 years. Many improvements we have made are within the operation of the business itself and would not necessarily be customer facing. By making plastic carrier bags high profile we were able to raise people's awareness of plastic carrier bags specifically and litter in general.

In research prior to launching the plastic carrier bag scheme B&Q found that over a third of those surveyed said they stored between 20 and 40 plastic carrier bags in their drawers and cupboards at home and over half said that they have up to 20 bags ready to re-use. Over 10% said they had over 40 stored away. Three quarters of those surveyed estimated that they were given between three and 10 plastic carrier bags a week by retailers.

To what extent is the proposed levy likely to affect consumer behaviour, and what alternatives to plastic bags are people likely to adopt? Is a levy a suitable method of addressing the problem?

From our pilot scheme in Scotland where we have charged 5p which goes to Keep Scotland Beautiful, we have found that our carrier bag usage has been reduced by 82%.

The majority of customers are leaving without carrier bags (taking trolley to car boot or not requiring any receptacle at all) and others are beginning to bring in their own bags (either plastic or other material). In three stores only we are offering already used plastic carrier bags as a last resort and we are considering introducing this facility in a further trial in England.

We will be introducing shortly a bag for life for a charge of 10p

Where the majority of businesses do not have such a scheme such as B&Q, the levy appears to be the most robust way of ensuring the reduced usage of plastic carrier bags.

What are the likely environmental impacts of the proposed levy, including the likely impacts of alternatives?

From our experience, plastic carrier bag use would be significantly reduced but businesses should not be encouraged to produce other bags which will also have an impact on the environment such as paper bags. As there are millions of plastic carrier bags in circulation, people should be encouraged to re-use and recycle existing ones before they use other shopping bags.

What are the likely effects of the proposed levy on businesses, including retailers?

As far as our experience shows in Ireland (where B&Q has four stores), there has been minimal effect on the business. We believe there has been minimal customer complaints and the vast majority of customers are either managing without carrier bags or bringing in their own. Any business which currently uses a significant number of plastic bags is likely to make a cost saving with the anticipated reduction in bags issued.

We do have a serious concern around the administration of the levy. As the levy is to be collected by 32 local authorities we are keen to ensure that as little resource as possible is required from the retailers' point of view. We would also highly recommend that there is one single process which is used to administer the levy by all local authorities.

What should funds generated by the levy be spent on? Should these funds be 'ring-fenced' for this purpose? Should this be specified in more detail in the Bill?

We believe consumers need to know exactly what the funds will be spent on in reducing the impact of litter and graffiti in the environment, whether improved recycling facilities, better litter cleaning or improved educational awareness. The levy should not be used to fund non-environmental activity and should not be seen as another 'hidden' tax. It would be beneficial if the Government could be clearer on where the funding is directed, particularly to clarify that the levy would not be used to fund projects that would otherwise have been funded from existing resources.

Other useful information – B&Q customer research on trial in Scotland

Customer research three months after the launch of the carrier bag scheme in Scotland (February 2005) showed that 76% of people surveyed thought the scheme was a good or very good idea, 10% were neutral and 13% thought it

was a bad or very bad idea – 1.8% of the latter figure thought it was a very bad idea. B&Q will be improving in-store information, briefing checkout staff more fully and allowing the use of already used carrier bags to reduce the number of customers who do not approve of the scheme in the roll out of the trial scheme planned for the end of November.

Over £20,000 has been donated to Keep Scotland Beautiful as at July 2005 which is funding clean up litter kits for schools and local community organisations.

SUBMISSION FROM LIDL

Lidl UK accepts that single-use disposable plastic bags are a problem in terms of waste management and their impact on the environment. Lidl UK is an environmentally aware organisation and has always charged customers for its carrier bags. However, Lidl UK does not condone the introduction of a levy as a means of addressing the environmental issues raised for the following reasons:

1. The Bill is detrimental to companies who already charge for plastic carrier bags.
2. The financial consequences do not appear to be borne out in the documentation supplied by the Scottish parliament insofar as no account of the time spent in setting up a system to record this information, staff training and administration of the payments and records.
3. The proposal in its current form is ambiguous.

Lidl has had stores in Scotland for over ten years. Throughout that period Lidl has engaged in numerous environmental activities including the charging for its multi-use plastic carrier bags.

Lidl currently charges 3p for a small carrier bag, 9p for a large carrier bag, 49p for an insulated bag and 99p for a heavy-duty shopping bag. These carrier bags are not designed for single-use, but are all manufactured so that they have multiple use. Lidl has never provided any single-use disposable bags as have the majority of other supermarkets. The intention of this Bill is to reduce the environmental impact of these single-use disposable bags, therefore it would be pertinent to force other retailers to produce solely multi-use bags possibly through the introduction of a standard. The standard could prescribe the minimum thickness/strength ratios.

The bags sold by Lidl are all multi-use, durable bags. Indeed, we are of the opinion that our bags are probably more durable than the "bags for life" that you propose would be exempt from the levy. However, all but our heavy-duty bag would probably fall within the remit of this proposed bill, which appears, on the face of it, to be absurd.

The documents supplied by the Environment and Rural Committee do not define the term "bag for life". Our understanding of the "bag for life" schemes is that these bags are replaced for free once they are worn out. The documents suggest that a "bag for life" costing 50p or more would be exempt. The situation would be absurd if a "bag for life" initially costing 50p was less durable than a Lidl bag and therefore requiring replacement more frequently, yet without the need to pay the levy.

Notwithstanding this, was it the intention of the Bill to exempt any carrier bag costing in excess of 50p rather than using the term “bag for life”? This is not clear from the documentation supplied.

There are over 40 Local Authorities in Scotland. The Bill suggests that each Local Authority will decide on how frequently they would want the levy to be paid to them, and whether collective payments would be allowed to be made where a retailer has more than one store within a Local Authority district. This in itself puts an administrative burden on retailers. If the levy were to be introduced then surely it would be more efficient for both the retailer and those involved in its collection to have one central body carrying out this function.

Any levy that is raised should naturally be ring-fenced for environmental projects. However, if the type of projects that the levy could be used to fund was specified, then this could be too prescriptive and prevent new initiatives being funded. In addition, there should be a limit on the amount of levy used by the collection body to cover administrative costs.

As part of its charitable operation and to promote new stores, Lidl regularly provides free “goody bags” to local residents. To comply with Section 1 of the Bill, Lidl would have to charge each person 10p in order to comply with the legislation. The recording of these 10p payments by a charitable organisation or a local church group would be ridiculous and reflect poorly on the bureaucracy of the Scottish parliament.

Lidl UK is of the opinion that this proposal has not been thoroughly considered and indeed would be discriminatory against all environmentally and socially aware companies such as ours who have, and will continue to charge for, multi- use plastic carrier bags.

SUBMISSION FROM THE CO-OPERATIVE GROUP

The Co-operative Movement is deeply rooted in the economic and social life of Scotland's communities. We are also a vibrant part of the modern economy with a growing, and diverse, number of co-operative enterprises offering innovative and inclusive solutions for communities throughout Scotland.

Consumer-owned retail co-operatives are a prominent part of Scotland's retail environment. The Co-operative Group operates over 250 food retail stores in Scotland, Scotmid now operates around 130 food stores following its acquisition of the Morning, Noon and Night chain, and Lothian, Borders & Angus Co-operative Society, Musselburgh and Fisherrow, Nith Valley and Clydebank Societies also maintain a strong community presence. The stores are predominantly small-format with a convenience range. With some 500 stores in total, Co-op Societies are trading in all 32 of Scotland's local authorities.

We work closely with colleagues in the Scottish Retail Consortium and the Scottish Grocers Federation. We fully support the detailed evidence submitted to the Committee by the Scottish Retail Consortium.

The Co-op is committed to seeking new ways of minimising the impact of industry on the environment. We firmly support the Scottish Executive's desire to tackle the problem of waste and have introduced a raft of environmentally-friendly initiatives over the years to reduce the environmental impact of our trading activities.

Carrier bags have taken centre stage over recent years as a tangible example of how retailers and their customers could potentially alter shopping habits for greater environmental benefit.

As a responsible retailer we recognise that we have a role to play.

In September 2002 the Co-op launched Britain's first 100% degradable carrier bag and it has now been successfully rolled out throughout the UK. From date of manufacture, the plastic will start to degrade in approximately 18 months time. The process of degrading takes about three years. Standard plastic bags, by comparison, take 100 years or longer to degrade. Our degradable bags become brittle when exposed to air and then decompose, leaving only carbon dioxide, water and a small amount of mineralisation compatible with soil.

The Co-op also recognises that consumer behaviour and plastic bag consumption are intricably linked. Where possible, we seek to influence this behaviour. For many years, along with other retailers, we have sold thick-

guage reusable 'Bags for Life'. Scotmid, through a number of its stores in Edinburgh, is also participating in the recent initiative by WRAP (Waste Resource Action Programme) to reduce the use of one-trip plastic bags by promoting the uptake of reusable bags.

The development by Mike Pringle MSP of the Environmental Levy on Plastic Bags (Scotland) Bill has provoked much discussion about the use and impact of plastic bags. The Co-operative Group and other Societies trading within Scotland do not believe that the current proposal is a workable solution to the challenge of minimising the environmental impact of plastic carrier bags.

We are in agreement with the points raised in the evidence submitted by the SRC.

In addition, we wish to draw the Committee's attention to a number of issues.

The proposal that local authorities collect the levy potentially represents an unfair administrative challenge for organisations such as the Co-op that operates a number of small-format stores throughout Scotland's communities. There is no guarantee that the systems to be used by local authorities would be identical, or even similar.

It has been suggested that that small retailers and small-format retailers will be at a real disadvantage. Empirical evidence is difficult to provide to substantiate this suggestion. But at a time when smaller retail businesses face the challenge of unprecedented consolidation within the retail market, it is important that legislative and regulatory proposals do not further undermine the competitiveness of small businesses.

Store-based colleagues would be likely to face significant customer challenge to the introduction of the levy. The rise of physical and verbal abusive behaviour faced by many employees in the retail sector has been well charted by Usdaw in its Freedom From Fear campaign. If responsibility for communicating about the levy rests with retailers and retail employees, they would be likely to face uncertainty, at best, and annoyance, at worst, from consumers.

Finally, we believe that very careful consideration should be given to the issue to ensure that any proposal really does address the issue of environmental impact. We believe that the Bill, as it currently stands, is of questionable environmental benefit and have reservations about its contribution to greater sustainable development.

SUBMISSION FROM THE SCOTTISH RETAIL CONSORTIUM

THE SRC AND THE RETAIL SECTOR

The Scottish Retail Consortium (SRC) was launched in April 1999 as a retail trade association for the full range of retailers in Scotland, from the major high street retailers and supermarkets to a number of trade associations representing smaller retailers. As a sector, retailing in Scotland employs 252,000 people (one in ten of the workforce) in 28,700 outlets across Scotland, accounting for turnover estimated at £19 billion in 2002.

The retail sector is key to the revitalisation and renewal of urban and rural communities across Scotland. The SRC's members provide a vital community service, a focus for physical regeneration, and sustained investment in people and places.

The SRC's parent association is the British Retail Consortium (BRC) based in London and Brussels.

THE SRC POSITION

The SRC firmly supports the Scottish Executive's desire to tackle the problem of waste and indeed many SRC members are involved in consumer awareness initiatives to educate consumers on a whole range of waste and litter related issues. In a pilot trial in Edinburgh this Autumn SRC members are taking part in an initiative with WRAP (Waste Resource Action Programme), to reduce the use of one-trip plastic bags by promoting the uptake of reusable bags. SRC members have also recently signed up to the Courtauld Commitment to reduce the amount of food and packaging waste consumers throw away.

These initiatives and other innovative steps currently being undertaken by the sector will offer real benefits to the environment over and above those expected through the introduction of a levy. As the current proposals stand, the SRC does not support the introduction of a plastic bag levy, for the reasons outlined below:

- **Plastic carrier bags account for 0.064% of litter pollution**¹. Plastic bags are not a significant contributor to litter pollution. Whilst experience in other countries show that a levy will reduce the number of plastic bags in circulation, it will not make a significant difference to the amount of street related litter.
- **The displacement effect - plastic to paper**. Customer pressure will see high street stores replacing plastic bags with the levy exempt paper carrier. This will displace any environmental benefit of a plastic levy. Supporting evidence has shown that paper bags have a higher environmental impact in the categories of consumption of water, emissions of greenhouse gases and eutrophication of water bodies (rivers, lakes, etc) relative to plastic bags².

¹ Reference to ENCAMS survey in Scottish Executive Proposed Plastic Bag Levy – Extended Impact Assessment Report, July 2005

² Page 3, Proposed Plastic Bag Levy – Extended Impact Assessment Summary Report, Scottish Executive, July 2005

Furthermore, paper bags are 4-5 times more voluminous than plastic, resulting in an equivalent increase in the number of deliveries to store. This will lead to increased road miles, added congestion and vehicle emissions. These bags are also 4-5 times more expensive than paper, leading to a significant cost increase borne primarily by high-street stores.

- **The Bill will increase waste.** The introduction of a plastic only levy will actually increase household waste by 0.26% or by 5,409 tonnes pa. If a levy were introduced for all materials (paper and plastic) then waste arising would reduce by 0.24% or 4,993 tonnes pa.
- **The levy will be collected by local authorities.** The complexities associated with retail stores administering different taxation systems, where they operate in more than one local authority, will be hugely burdensome. A national retailer could potentially make tax returns to 32 different local authorities via 32 different systems of payment and enforcement.

There is likely to be an impact on the already over-stretched resources of local authorities' enforcement officers, who enforce an ever-expanding range of business activities.

- **Small retailers will be put at a disadvantage.** Due to their small-scale operations, independent stores would be at a significant disadvantage when compared to most larger retail businesses in administering the levy. The levy may also impact impulse purchases that smaller format stores rely so heavily on capturing. The prospect of incurring an extra charge on a small purchase may dissuade shoppers from visiting convenience stores, pushing consumers towards incorporating these purchases in their weekly/monthly shop.
- **Retailers in town centres will be placed at a disadvantage.** Retailers operating in town centre locations that rely on impulse purchases will be placed at a disadvantage, since shoppers are less likely to 'bag-up' before they shop. Customer pressure will force retailers into providing paper alternatives that will lead to higher costs in the procurement, storage and transportation phases.
- **Retailers are taking many measures to reduce waste.** The introduction of a levy on plastic carriers will unfairly penalise the innovative steps being made towards the manufacture of bags from recycled plastics or the use of degradable plastics. A tax should incentivise and encourage markets for recycled plastic carriers instead of penalising alternatives.
- **Double taxation.** Under the Packaging and Packaging Waste Directive, the retail sector has been obligated for the weight of packaging (including plastic bags) supplied to the end-user since 1997. Incentives are therefore already in place to reduce the supply and weight of bags, with an additional plastic bag levy leading to a situation that will see a double taxation.
- **Consumers will pay the levy and pay for the effects of the levy.** Not only will consumers pay the levy, they will also pay the eventual price increases caused by

the increase in store theft. This will be as a result of thieves taking advantage of the option to refuse a bag and resulting levy, making it extremely difficult for security staff to distinguish between genuine and non-genuine customers. This has caused serious concern in Ireland, exposing shops to a sharp increase in theft (retail theft in Scotland cost retailers £166 million in 2002).

RESPONSE TO ENVIRONMENT COMMITTEE QUESTIONS

To what extent are plastic bags a problem, in terms of waste management and their impact on the environment, including wildlife?

The tax in Ireland was introduced because of a significant plastic bag litter problem. This problem does not exist in Scotland, with cigarette litter (butts, packaging and matches), confectionery litter, drinks-related litter and fast food packaging being identified by Keep Scotland Beautiful as the most significant forms of litter.³ Plastic film, which includes plastic bags, accounts for 4.37% of the household waste stream, whilst paper and cardboard account for nearly 25% of household waste⁴. Whilst measures to reduce any form of waste are to be welcomed, the burdens that would be introduced if a levy was in place seem disproportionate to the benefits regarding waste reduction.

There might be some positive impact on wildlife if plastic bag litter was reduced, but at the same time, if a levy resulted in shopping basket theft, (one major retailer in Ireland experienced the theft of 8,000 baskets in the year following the introduction of the tax), when these are dumped, they could have a more serious impact on wildlife.

To what extent is the proposed levy likely to affect consumer behaviour, and what alternatives to plastic bags are people likely to adopt? Is a levy a suitable method of addressing the problem?

The Scottish Executive's extended impact assessment concludes that the proposed levy would have an impact on consumer behaviour. With regard to food retailers, it is anticipated that there would be a major shift to bags for life and other reusable bags. With regard to non-food retailers, consumers are less likely to reuse plastic bags or prepare ahead as you would for a weekly or monthly shop. Instead retailers would be put under pressure to provide good quality paper bags for consumers, as has been the case in Ireland.

The levy is not a proportionate or suitable way of reducing the use of plastic bags. There are many other initiatives that retailers have taken and are in the process of developing to reduce the use of plastic bags and to promote the use of reusable and degradable bags. In this situation high street retailers would be forced to provide paper alternatives as shown to be the case in Ireland.

Although the levy would lead to a reduction in 'plastic carriers', evidence from Ireland suggests consumers will switch to purchasing greater quantities of bin liners (up 70% in

³ Page 13, Proposed Plastic Bag Levy – Extended Impact Assessment Report, Scottish Executive, July 2005

⁴ Page 12, Proposed Plastic Bag Levy – Extended Impact Assessment Report, Scottish Executive, July 2005

year 1) and refuse sacks (up 18-20%). Actual plastic consumption is therefore likely to increase as consumers find alternatives to the use of plastic carriers as peddle bin liners, doggy bags etc.

What are the likely environmental impacts of the proposed levy, including the likely impacts of alternatives?

The levy as proposed will have some limited positive impacts on the environment by reducing plastic bag litter, by reducing use of non-renewable primary energy, but if paper bags were also levied, the environmental benefits would be greater. This would be because high street retailers would experience a reduction, to a limited extent, in the use of bags, rather than a switch from the use of plastic bags to paper bags.

The levy as proposed would have some negative environmental impacts due to higher water usage in the production of paper bags, impact on the quality of water, and the impact that transporting and storing these bulkier and heavier bags would have on the environment.

What are the likely effects of the proposed levy on businesses, including retailers?

The proposed levy would result in higher costs for non-food retailers, as paper bags are 4-5 times more expensive to supply. Paper bags are also 4-5 times more voluminous, with some retailers reporting the need to build additional warehouses to accommodate demands for additional storage space. Transportation costs would also increase, with 4 times as many deliveries required for bulkier paper bags.

The levy would also be more costly for smaller businesses to administer than for larger ones. Many small retailers will not have the technology capability to administer the levy or will incur excessive costs to re-format computerised systems. Taking this and the expected shift to paper carriers, SME's can expect to incur an extra cost of between £500 - £600 per year. This represents a substantial increase for smaller businesses that currently account for 92 percent of retail stores in Scotland.

The fundamental difference between the levy in Ireland and the proposal in Scotland is that the levy is enforced by the Revenue Commissioners in Ireland, meaning a single tax stream for retailers to administer, whereas in Scotland, the levy would be enforced by 32 separate local authorities. This will be extremely burdensome and costly for retailers to enforce where portfolios of stores are spread across multiple local authority areas. At this stage it has been extremely difficult to predict the extent of this problem without knowing how each local authority intends to proceed.

A further impact on retailers is the inevitable increase in retail crime. It will be much more difficult for staff to identify shop thieves as they leave the store since a stores branded bags can no longer be used as a gauge to identify shop thefts. Evidence can be provided to show how thieves took advantage of this situation when the levy was introduced in Ireland.

Is the method provided in the Bill for enforcing the levy appropriate and workable?

The Bill does not explain how the levy would be enforced. It simply sets out the penalties for not complying with the levy.

This is an area of concern for retailers. The SRC is aware that local authority enforcement officers already deal with a vast array of areas and this additional new enforcement power may result in other duties being neglected. This could have very serious repercussions for both consumers and businesses.

Until it is made clear how the levy will be enforced, it is difficult to establish whether it is workable.

What should funds generated by the levy be spent on? Should these funds be 'ring-fenced' for this purpose? Should this be specified in more detail in the Bill?

The funds generated by such a levy should be ring-fenced for environmental initiatives unique to each local authority. However, the principle of additionality must be adhered to, i.e., the money raised must not be used to fund projects and work that would otherwise have gone ahead with funding from existing resources. This process will require a commitment from the Scottish Executive to police the use of these funds and to ensure the most effective allocation of resources. A guidance document detailing the criteria to allocate funding will help ensure a consistent approach whilst also providing a template for authorities to present a year-end report on total project expenditure and the delivery of any environmental benefits. These environmental benefits will have to offset any negative impacts resulting from the introduction of a levy.

SUBMISSION FROM FEDERATION OF SMALL BUSINESSES

1. Introduction

1.1 The Federation of Small Businesses is Scotland's largest direct member business organisation and campaigns for a social, economic and political environment in which small businesses can grow and prosper. Representing a large number of retailers across Scotland, the Federation welcomes this opportunity to comment on the Environmental Levy on Plastic Bags Bill.

1.2 As part of our consideration of the issues contained in the Bill, the FSB commissioned a small survey of members. The FSB represents over 18,000 members in Scotland with 17% of this number categorised as retailers. Our research consisted of a telephone interview with 100 small businesses involved in retailing. Overall only a small majority (47%) were against the introduction of a levy as proposed in the Bill but a number of useful comments, including concerns about the practicalities for businesses were raised and we will refer to these comments in our submission.

1.3 The Committee's call for evidence seeks general comments on the Bill, as well as asking some broad questions. We felt it would be appropriate to organise our comments under three main headings: the general principles of the bill; collection and enforcement and the implications for businesses.

2. Principles of the Bill

2.1 We note that this Bill has three aims. Firstly, it aims to reduce the number of plastic bags and thereby protecting the environment; secondly, it will help local authorities reach landfill targets; and thirdly, it aims to raise awareness of environmental issues such as litter.

2.2 A number of pieces of research have been cited in discussions about the impact of plastic carrier bags on litter, the aesthetic environment, landfill targets and wildlife. The Committee will also be aware of the Extended Impact Assessment prepared for the Scottish Executive by AEAT.

2.3 On the basis of the evidence available we do not believe that the Bill would meet its stated aim of 'protecting the environment' as the Lifecycle Analysis commissioned by the Executive¹ shows that the Bill would actually increase the weight of waste sent to landfill each year as consumers switch to paper bags. Not only would the Bill create more landfill, it would result in more pollution and greenhouse gas emissions as a consequence of greater manufacture of paper bags and the increasing quantities of these breaking down in landfill sites. The increased

¹ Proposed Plastic Bag Levy - Extended Impact Assessment Final Report Volume 1. AEAT (2005) Study commissioned by The Scottish Executive

expenditure of retailers on paper bags would also negate the potential benefit of any savings made as a result of a reduction in expenditure on plastic bags, as paper bags can be anywhere between six and twenty-seven times more expensive than plastic ones.

2.4 Reducing waste going to landfill is undoubtedly a huge problem for Scotland. Commercial waste already accounts for approximately 20% of all waste sent to landfill by our councils – tackling this problem and focusing attention on the provision of effective, affordable alternative waste disposal options for businesses would be far more productive in helping Scotland face its landfill problems. Lastly, we must tackle the third aim of raising awareness.

2.5 The Policy Memorandum accompanying the Bill comments on the effectiveness of taxes aimed at raising awareness of environmental impacts, both the Climate Change Levy and the Landfill Tax are cited. The FSB's biennial membership survey, *Lifting the Barriers to Growth*, has shown that the Climate Change Levy has barely affected business behaviour in relation to energy efficiency. It is likely that the PlasTax is not the only measure introduced by the Republic of Ireland to encourage a more resource efficient approach by the public. We understand that domestic waste disposal is now charged according to weight – this would certainly encourage people to think carefully about what they throw away.

2.6 Whilst the likely reduction in plastic carrier bags which would result from the implementation of this Bill sounds attractive, in reality there would be little environmental benefit and this may prove a distraction from some of the more fundamental environmental problems Scotland faces. The report commissioned by AEAT confirms that if the Bill – as introduced – would reduce the amount of plastic bags going to landfill but would actually have a series of other negative environmental impacts as a result of the increase in use of paper bags. Given that the at best limited environmental benefits would be at the expense of significant implications for certain business sectors (including job losses) and widespread disruption for many other sectors (particularly small businesses) we cannot support the general principles of this Bill.

3. Collection and Enforcement

3.1 The Bill sets out provisions enabling local authorities to collect the levy, not less than monthly and enables them to retain a reasonable sum to cover administrative costs. It also signals that there should be a designated authorised officer with powers of entry and powers to inspect relevant records. Beyond that, much of the detail is left to the discretion of local authorities with certain powers given to Scottish Ministers to make further provision in relation to authorised officers, levy collection and record keeping.

3.2 We are concerned about the possibility of inconsistency in collection methods across Scotland and would prefer, in the interests of making the

levy easier to implement, that the same collection schedule apply across Scotland. Various possibilities have been raised, from an annual, retrospectively-based payment, to fixed monthly estimates with an end-of-year rebate. When asked how regularly they felt the levy should be collected, the majority of FSB members supported monthly collection. There was little support for an annual collection.

3.3 The actual payment method of the levy has yet to be decided. In Ireland we understand that the PlasTax takes the form of a monthly direct debit. The possibility of tying levy collection in with business rates payment has been raised but we have not yet examined this proposal in any detail. There are obvious concerns about the cost efficiency of 32 local authorities all processing returns and collecting payment – many local authorities will surely have little money left over, after administration costs, to benefit environmental projects. The most efficient method of collection would be for central collection by Customs and Revenue and it remains to be seen whether any formal request to facilitate this is constitutionally possible.

3.4 When asked about completing returns on the number of bags distributed the majority of respondents to our survey indicated a preference for a simple paper form, though it would probably be preferable that a variety of methods for submitting returns were available. In terms of registration, it would make sense to have some form of centrally-held online register. This would take some time to develop but would probably be a very useful development, particularly for any future analysis.

3.5 There is little reference to an enforcement policy which is in-keeping with recommendations from the Hampton Report and the Enforcement Concordat. Since it is likely that enforcement will fall within the remit of Trading Standards officers, it is likely that they will already be aware of these documents. However, should this Bill be implemented we would like to ensure an enforcement policy (which is proportionate to risk) is drawn up and issued as guidance to all local authorities. We would also like assurances that a Scottish Executive funded awareness campaign, which includes direct guidance for businesses, is agreed. One factor overlooked in the Bill is whether or not the levy will be subject to VAT, and if so, at what rate. This will obviously impinge on the end cost to the user if the levy itself is set at 10p.

4. Implications for Business

4.1 The Bill will affect businesses in two different ways. First there are the obvious effects for businesses involved in the manufacture and distribution of plastic carrier bags should there be a downturn in the number of plastic bags required by retailers. Evidence from the Carrier Bag Consortium suggests that hundreds of jobs in Scotland may be lost and that opportunities for diversification are limited.

4.2 We have been contacted by an FSB member company (packaging design and supply company) which is particularly concerned about the

effect of this Bill. They suggested to us that analysis work carried out with clients on the implications of a plastic bag levy indicated a downturn in business which would lead to a staff reduction.

4.3 We would like to see a more detailed analysis of plastic bag design and distribution businesses in Scotland included in the Regulatory Impact Assessment being prepared by the Scottish Executive, as it seems likely that while relatively few businesses are involved, the implications for these businesses could be severe.

4.4 The second way this Bill will affect businesses is the practical implications for businesses which will be subject to the levy.

4.5 Our survey of retail members (mainly clothing, grocers and general stores) indicated that 93% of respondents are currently handing out free plastic bags as part of their business. The average turnover of respondents' businesses was between £200,000 and £400,000 and they hand out, on average, between 1,000 and 4,000 free bags per month. The cost of the plastic bags used varies but the average spend on plastic bags is up to £100 per month. It should be noted that a number of businesses were unable to say how many bags they used in a month and how much they currently spend on plastic bags.

4.6 Our survey reflects the anxiety expressed by many small retail businesses over the introduction of a plastic bag "tax". There are particular concerns regarding the practical recording of data (to enable returns to be completed). Despite assertions in the Bill that bureaucracy has been kept to a minimum, the requirements of the Bill will still result in a significant degree of "set up" time for businesses.

4.7 The main time and cost implications for businesses result from the following steps required by the Bill:

- registration process with local authorities in which bags are handed out
- stock take of plastic bags
- adjustment of tills to record levy charge on receipts
- subsequent changes to accounting records
- advising/training staff on introduction of levy
- advertisement of levy to customers
- ongoing recording of each charge (whether electronically or manually)
- completing return (possibly monthly) to the local authority, including stock take of plastic bags held at the end of the month or reference to electronic till records
- financial transaction of levy payment to local authority
- storage of receipts and plastic bag purchase documents for 5 years

4.8 Most concerns relate to adjusting tills and the implications for internal accounting, regarding the application (or not) of VAT and the classification of the sale. Adjusting tills to record the levy on receipts is

not necessarily regarded as particularly difficult but evidence from Ireland suggests that this will amount in a cost to some businesses. Our survey suggests that the implications of recording this data depend on the nature of the technology used in the business with those using computerised systems relatively unconcerned about recording data on bags used while those who operate older tills or non-computerised systems (for stock control) are more concerned about how they will cope.

4.9 Some businesses have also mentioned to us the importance of determining how the levy will be classified. If the levy is not subject to VAT is it to be classified as a VAT exempt sale? We understand that it has yet to be determined whether or not the levy would be subject to VAT and would welcome a decision on this matter.

4.10 If the levy is introduced evidence suggests that many businesses will switch from plastic to paper bags. Our survey indicates that 35% of respondents would change to paper bags. The AEAT report demonstrates the sizeable price difference between paper and plastic bags (£6-8 per 1000 plastic bags, £220 per 1000 paper bags). Many businesses feel that they have no choice but to package their goods in some form of bag and if they wish to avoid paying the levy their only alternative is paper bags which would represent a clear cost increase to them in addition to implications for storage of paper bags.

4.11 We have also received representations from small businesses regarding the impact of a plastic bag levy on unplanned purchases. Many felt that tourists or visitors would be less likely to purchase goods, while others felt that convenience stores benefit from additional items being bought once the shopper is in the store (where he/she originally only intended to buy a pint of milk) and that this trade would be affected if the customer felt they would have to pay for a plastic bag to carry home unplanned purchases.

4.12 Many of these concerns would be neutralised if there was an exemption for businesses with less than ten employees, and this would still mean that the supermarkets, which sell around 80 per cent of all food consumed in the UK, would be covered by the Bill. Also, shopping trips to these large retailers are typically planned and made by car which means that it is far more practical for shoppers to take their purchases home in boxes or re-useable bags. Similarly, it may be worth considering an exemption for plastic bags which are being re-used as this would not encourage an increase in the number of plastic bags in circulation and would provide some small businesses with the alternative option of using previously-used bags. Whilst this would not be appropriate for every business, there are cases where this might be a useful option.

5. Conclusion

5.1 The FSB does not doubt that Scotland faces a number of significant environmental challenges. We are clear that businesses, the public and

governments have responsibilities to tackle these problems. In particular the Environmental Levy on Plastic Bags Bill seeks to address the “throwaway” society culture.

5.2 Despite the seemingly attractive result of a reduction in the number of plastic carrier bags in circulation in Scotland, the evidence available simply does not suggest that this Bill, as introduced, would result in any real environmental benefit, nor does it seem likely in our opinion that the stated aims would be achieved by this Bill.

5.3 The Extended Impact Assessment prepared by AEAT demonstrates that non-food, small retailers would suffer most negatively from the introduction of this Bill, whereas larger food retailers would benefit. Since it seems logical that the latter group are responsible for distributing the majority of plastic carrier bags (up to 80%) this would seem to represent a rough deal for the smaller, non-food retailers who are already struggling in a difficult trading environment.

5.4 Taking these points into consideration we must conclude that despite the superficial attractiveness of this Bill, it would in fact be a poor piece of legislation, disproportionately affecting those who are least at fault, limited in its ability to achieve environmental benefits and potentially resulting in significant Scottish job losses.

SUBMISSION FROM THE ASSOCIATION OF CHARITY SHOPS

- 1. Background:** The Association of Charity Shops represents over 240 charities with more than 6300 retail outlets across the UK. This includes a number of charities that are based in, or operate charity shops in Scotland and raise vital funds to support their charitable activities both in Scotland and more widely. Charity shops are an important and significant fund-raising activity for many charities and our Association seeks to support them, to promote good practice and the sharing of information as well as ensuring the policy framework within which they operate is not damaging to their efforts. As key players in promoting reuse and recycling the Association and its members are in principle supportive of environmentally friendly policies and those aimed at minimising waste. However, we have a number of concerns relating to the proposed Bill and these are outlined below.
- 2. Contribution to recycling and reuse:** Charity shops make a significant and ongoing contribution to recycling, reuse and waste minimisation. By selling almost wholly second-hand donated goods, they are providing a means to remove items from the waste stream and to reuse them. What cannot be sold is passed on for further recycling. For example, over 100,000 tonnes of textiles alone are passed on from charity shops in the UK for further recycling every year. An estimated 500 - 600 shops in Scotland (out of a UK total of 7000) are therefore removing a minimum of 9000 tonnes of textiles p.a. from the waste stream. Most of the items sold by charity shops are either brought into the shops by donors using (reused) plastic carrier bags or are collected from householders using plastic collection sacks. Finally, many smaller charity shop chains use second-hand plastic bags to wrap customer purchases in. Thus charity shops are contributing significantly to minimising waste and improving the environment; yet they may suffer negative impacts from the proposed environmental levy.
- 3. Reusing carrier bags:** A number of the Association's members based in Scotland have expressed their concerns at the impact of the proposed levy on their shop costs because they use second-hand donated or recycled plastic carrier bags. If the tax is introduced, the likely effect is for a dramatic and fairly quick reduction in the number of these plastic bags in circulation. Therefore these charity shops would have to purchase new bags (plastic or paper) if they wished to continue to provide this service to customers. Bear in mind that customers of charity shops are making low value purchases in general – often on impulse - and so are unlikely to take kindly to paying a further sum for the provision of a bag. Another concern is the impact on the levels of donations – will these reduce because plastic carrier bags currently available readily within the home are no longer there? The alternatives of purchasing and selling cloth or other 'bags for life' are likely to be options explored by charity shops if the tax is introduced – and whilst these are potentially a source of income, their purchase also represents a new cost.
- 4. Theft/security issues:** One of the concerns arising in Ireland from the introduction of the plastic bag tax there was the increase in theft from retailers because more people would be bringing in their own bags of various kinds and shops would no longer be providing their recognisable or branded shopping bags in which purchases were placed. Charity shops are particularly vulnerable to loss from theft as they do not have the capacity to security tag their stock nor to use sophisticated theft prevention

technology. The potential for an increase in shoplifting and theft from charity shops would therefore be a major concern and of course a potential additional cost either in terms of loss or in loss prevention measures.

5. **Administration and reporting requirements of the levy:** The Bill appears to have an in-built illogicality: on the one hand it seeks to reduce the number of plastic bags in circulation but on the other seeks to build a bureaucratic system to collect a revenue stream that the new law aims to significantly reduce or eliminate. The requirements set out for the administration and recording of sales of plastic bags would be extremely onerous for charities to comply with - for example the requirement to keep records and make returns to each local authority stating the number of non-exempt bags provided to customers during the period covered; the need to report monthly for each shop location and the maintenance and keeping of records for a period of 5 years. ***These requirements present a totally unrealistic and unreasonable burden on charity shops.*** Many smaller charities use old tills without sophisticated tracking mechanisms and volunteers often operate the tills. As the volume of sales of plastic bags is likely to be small in charity shops, a requirement to report every month to each local authority (and potentially for each shop where there may be more than one in each area) would place impossible bureaucratic burdens on charities. If the levy is introduced and there are no exemptions for charity shops – then a simple annual reporting mechanism should be the maximum required – ideally to a single central point (as in the Republic of Ireland where it is the Revenue Commissioners) – but at most a single annual report to each local authority (for all shops in the area). Furthermore if the Bill is introduced with reporting required to local authorities, there must be a single standardised procedure in use – not different ones at the discretion of individual authorities.
6. **Red tape and growing regulatory burdens:** The most recent survey of charity shop performance UK wide (Charity Finance Charity Shops Survey – September 2005) highlights the growing regulatory burden and resultant costs facing charity shops. The proposed tax would be potentially adding significantly to this burden in Scotland. In other contexts (eg the new Charities and Trustee Investment Act) legislators have taken note of this point and have, for example, minimised the regulatory burden relating to collections of goods by charity shops recognising that there were few issues of public confidence or capacity that warranted new regulation. By contrast the current proposals will significantly increase the bureaucracy and regulatory burden falling on our sector without a significant or proportionate benefit.
7. **Penalties:** The penalties for not charging the levy (a fine not exceeding level 3 on the standard scale and a penalty of £100 for each occasion when a customer who was required to be charged the levy is not so charged) also seem draconian in the context of charity shops staffed by volunteers – frequently elderly – who may well need time to adjust to the new procedures should the tax be introduced. The draft Bill does not make clear how the law will be enforced by local authorities eg through ‘mystery’ shoppers?
8. **Additional costs falling on the charity shops sector:** The extended impact assessment commissioned by the Scottish Parliament identifies that non-food retailers will be affected detrimentally by the implementation of the levy. Charity shops would fall clearly into this category. Purchases made in charity shops are usually impulse buys – customers are likely to arrive unprepared with their own bag and therefore there will be a significant pressure on charities to supply a bag or potentially lose custom. As a result there will be additional costs - from the increased costs of purchasing paper bags (which cost up to 3 -10 times the price of the cheapest plastic carriers commonly used

by charity shops) or the purchase of smaller volumes of plastic bags at an increased unit price. In addition there is the potential of greater losses from theft/shoplifting, potential penalties arising from the proposed new law and the additional administration costs of recording and reporting on the sale of plastic bags for the purposes of paying over the levy. In many instances this will result in additional people having to be employed to deal with the administration required if charities wish to continue to supply plastic bags to their customers.

9. **Impact on sales/consumers in charity shops:** Many of those shopping in charity shops are on low incomes and they are most likely to be dissuaded from paying the additional charge represented by the proposed tax. In general, purchases from charity shops are of low value and are frequently 'impulse' purchases so customers are unlikely to have their own bag or want to pay an additional sum for a bag for their purchases. Therefore there will be pressure on charities to purchase taxable bags at increased unit cost or provide alternative tax-free bags (again at additional cost). If they opt not to supply bags then there may be a reduction in the numbers of shoppers visiting charity shops. This would have a negative impact on charity shops' sales and their ability to raise vital funds for their charities' work and their beneficiaries. A further concern of our sector is the potential for an increase in abuse and threatening behaviour faced by volunteers in our shops as a result of customers being unhappy at having to pay for a bag or simply not being supplied with one. Charity shops rely on volunteer help; obtaining sufficient numbers of volunteers is viewed as one of the major current problems facing the sector so we would not want the role to be made more stressful or less attractive.
10. **Public awareness:** A final point worth making in the context of consumer behaviour is the need for a strong and long-running public information/education campaign in the run-up to the introduction of the proposed tax. This was key to the implementation of the tax in Ireland and would minimise the likely negative impact on consumers being unprepared for the new arrangements. We believe that non-statutory initiatives to change consumer behaviour towards greater re-use in general and to build a greater awareness of the issues involved could be effective in reducing the number of plastic bags in circulation without some of the potentially damaging effects the proposed legislation may have. The Association is involved in a number of projects to publicise and promote the benefits of re-use generally and the positive contributions made by charity shops to re-use and recycling – thus reducing the amounts of potential waste going to landfill and increasing the volumes re-used and recycled.
11. **Exemptions:** In the Association's earlier response to Mike Pringle's proposals we argued the case for exemptions from the proposed tax to be available to charity shops and propose that there should be a mechanism for charities to opt out of the requirements of the tax in view of the various arguments outlined above. We are grateful that the concerns expressed in our earlier response about the tax not extending to plastic bags used for house-to-house collections of goods by charities have been taken into account and wish to reiterate the importance of these exemptions remaining should the proposed tax be introduced as set out in the draft Bill.
12. **Environmental impact:** The Association is also aware of conflicting evidence as to the true environmental impact of a levy on point of sale plastic bags. Transport and production costs for alternative (paper) bags would be increased and will end up being passed onto the consumer while no appreciable progress would be made in reducing waste volumes. The increased transport necessary for delivering more bulky paper bags will also have an adverse impact on the environment and the volume of alternative plastic bags used (eg bin liners) is likely to increase substantially. All of

these will significantly undermine the anticipated environmental benefits of the proposed levy.

In summary:

- (i) There will be a number of potentially negative effects on charity shops from the introduction of the proposed tax.
- (ii) These do not seem justified given the large contribution being made to re-use and recycling by charity shops and their role in raising vital funds for charitable activity benefiting local communities.
- (iii) The proposed administrative and recording procedures for reporting and collecting the tax would place onerous burdens on charity shops many of which do not have sophisticated tills and are reliant on volunteer labour in the shops. If the tax is introduced, then these requirements should be significantly simplified to a single standardised annual report rather than monthly for each location to each local authority.
- (iv) Costs faced by charity shops will increase with consequent negative impact on their ability to raise funds for their charities' work and beneficiaries.
- (v) Sales may also be affected because consumers do not wish to pay additional sums for bags in the context of a low value, impulse purchase from a charity shop and losses/theft are likely to increase. Levels of donations may also be affected by a reduction in the availability of re-usable plastic carrier bags.
- (vi) There should therefore be some form of exemption available to charity shops should the tax be introduced as set out in the draft Bill. Consideration should also be given to non-statutory ways of promoting greater awareness of re-use and a reduction in the numbers of plastic bags in circulation.
- (vii) Plastic bags used for house-to-house collections of goods by charity shops and plastic waste sacks/refuse bin liners should remain exempt from the tax. They are used in large quantities by charities running shops and any proposal to introduce a tax on them would be a serious threat to the viability of many charity shop operations.

SUBMISSION FROM THE SCOTTISH CONSUMER COUNCIL

Environmental Levy on Plastic Bags (Scotland) Bill

About the Scottish Consumer Council

The role of the Scottish Consumer Council (SCC) is to represent and promote the interests of consumers in Scotland, particularly those who are most disadvantaged. The SCC welcomes the opportunity to give evidence to the Committee and would like to contribute from a consumer perspective.

Consumer interest in environmental levy on plastic bags

Consumer behaviour is a key factor in protecting and enhancing the environment. One of the four key corporate objectives of the SCC is to achieve more sustainable consumption. Sustainable consumption has been defined as '*collectively consuming in such a way as to protect the environment, using natural resources wisely and promoting quality of life now while not spoiling the lives of future consumers*'.¹

The Bill has 3 key objectives:

- Protecting the environment both by the reduction in the number of plastic bags and by investing the money raised by the levy in local environmental projects
- Assisting local authorities towards meeting the Scottish National Waste Plan targets by encouraging the reduction of plastic bags in circulation and the reuse of those that are; and
- Raising awareness of environmental issues such as recycling and litter.

We therefore welcome the objectives of the Bill, particularly as the aims correspond to those of the SCC in working towards more sustainable consumption.

What do consumers think?

A number of recent studies have examined the views of consumers in the UK and Ireland on the introducing of a plastic bag levy. This work has supported the introduction of a plastic bag levy.

An, as yet, unpublished report for the Welsh Assembly Government in Spring 2005 looked at communicating sustainable consumption to consumers and measures that would encourage them to change their behaviour.² The conclusion of the focus group research was that there is a great willingness from the public to try and change their behaviour, although they are looking at the

¹ NCC (2005) *16 pain-free ways to help save the planet*, London.

² Research and Marketing Ltd (unpublished) *sustainable development awareness and branding*, presented to Welsh Assembly Government, 2005, April.

government to lead the way, by getting tough. The report noted that '*Consumers cannot be relied upon to make changes by themselves – they need help to change*'. A number of groups talked about plastic bags where it was noted that consumers were concerned about the '*visibility and complete lack of necessity of plastic bags from retailers such as Tesco, and were in favour of banning such items, as a means of forcing change in our behaviour*'.

The Welsh Consumer Council looked at consumer attitudes to a range of issues under the heading of sustainable consumption through a series of focus groups in 2004.³ The results showed that participants in the discussion groups were extremely wary of new taxes, but they were not wholly opposed to measures that aimed to encourage people to consume more sustainably. In relation to plastic bags, the report said that respondents tended to react negatively to the idea of charging for carrier bags, until they realised that they could avoid the charge by taking their own bags.

Mori undertook a poll in 2003, which showed public support for the idea of paying 10p at shops for plastic bags.⁴ In a survey of 2,141 British adults, 63% supported the idea, compared with 27% who opposed it.

There is limited empirical evidence of the introduction of the PlasTax in Ireland from the consumer perspective. However, Convery and McDonnell (2003) undertook a telephone survey of 100 householders, and concluded that overall, householders were very much in favour of the levy.⁵ This appears to be borne out by the reduction in bag usage by 95%.

QUESTIONS FROM THE COMMITTEE

To what extent are plastic bags a problem, in terms of waste management and their impact on the environment, including wildlife?

While evidence suggests the volume of plastic bags by weight is low, representing about 0.3% of the waste stream in the UK, this represents a usage of 17.5 billion plastic bags per year by UK consumers.⁶ It can be argued that much of this use is avoidable, but because these are effectively free to consumers, there is no incentive to reduce their use. While studies demonstrate that plastic bags do not represent a significant problem, relative to other sources of litter⁷, those plastic bags that are littered are visible and persistent in the environment.

³ Welsh Consumer Council (2004) *high price to pay: consumer attitudes to sustainable consumption in Wales*, May.

⁴ MORI (2003) Public Support for Tax on shopping bags, April, www.mori.com/polls/2003/meb1.shtml

⁵ Convery F and McDonnell S (2003) *Applying Environmental Product Taxes and Levies – Lessons from the Experience with the Irish Plastic Bag Levy*, Environmental Studies Research Series, Working Paper 03/01, University College Dublin.

⁶ Wastewatch <http://www.wasteonline.org.uk/topic.aspx>

⁷ Scottish Executive (2005) *Proposed Plastic Bag Levy – Extended Impact Assessment, Volume 1: Main report, Research Report*, 2005/0,6 Environment Group Research Report.

Charging consumers for their use of plastic bags can be an important element in awareness raising of environmental issues and a potential catalyst for wider behaviour change.

To what extent is the proposed levy likely to affect consumer behaviour, and what alternatives to plastic bags are people likely to adopt? Is a levy a suitable method of addressing the problem?

Policy development in the area of behavioural change is especially difficult because of the broad range of factors that influence consumers' decisions and choices (for example barriers to behavioural change include economic barriers, such as cost of alternatives, availability of acceptable choice and information on alternatives, but also include social and psychological barriers, such as notions of status in society, identity and so on).⁸

While the SCC would prefer the use of incentives or 'carrots' to change consumer behaviour, there are instances where sticks can actually be popular. Taxation, such as the plastic bag levy, can be used effectively with other tools, and can be a relatively simple way of sending broad price signals aimed at achieving fairly widespread changes in behaviour. The Sustainable Consumption Roundtable (a joint initiative between the Sustainable Development Commission and the National Consumer Council) cites the plastic bag tax in Ireland as a measure acceptable to consumers in promoting change in consumer behaviour.

The research evidence from Ireland and the UK suggests that this is true: that consumers will broadly accept a plastic bag levy and it is likely to lead to a change in consumer behaviour.

In Ireland, an important element was the education and advertising campaign that took place prior to the levy being introduced to inform consumers of the change, and the objectives behind it. The provision of meaningful information to consumers would be an important component of the levy being introduced in Scotland.

The effect of the Bill will be to reduce, not eradicate the use of plastic bags. Plastic bags will remain available for consumers who want to use them; although instead of receiving them free (as is generally the case at the moment) consumers who choose to use plastic bags will pay for them. A number of food retailer outlets in Scotland currently charge for plastic bags, including low price stores.

The cost to consumers of introducing a plastic bag levy in Scotland is estimated to range from £3.57 to £10.58 per person per year. This is based on 4 different scenarios and different application of 'hidden costs'.⁹ The Scottish Executive study suggests low-income households will spend a higher proportion of their

⁸ See Jackson, T (2005) *Motivating Sustainable Consumption, a review of evidence on consumer behaviour and behavioral change*, Centre for Environmental Strategy, University of Surrey, January.

⁹ Scottish Executive (2005) op.cit.

income on the plastic bag levy than higher income households. The differential is not set out.

In Ireland there is no evidence that low-income consumers feel disadvantaged by the levy.¹⁰

The SCC is concerned that the levy may impact disproportionately on low-income consumers. However, we believe that while the proportion of real income may be greater, the impact is not likely to be significant because consumers can change their behaviour, and opt not to pay the levy.

An alternative approach to introducing a plastic bag levy is for a voluntary code of conduct, which has the support of the Scottish Retail Consortium, the British Retail Consortium and the Carrier Bag Consortium. While there may be merits in adopting this approach, the evidence from Australia suggests it may be a less effective approach than introducing a levy. When it was adopted in Australia a reduction in bag usage fell by just over 20% compared to 95% in Ireland.

Another option is the biodegradable option, which has the support of a number of retailers. However, the Scottish Executive study¹¹ suggests these may not be 'environmentally friendly' options as they contradict the waste prevention message because the bags will still have to be disposed of after use. They also cite other problems in this option, such as contaminating the plastic bag waste stream, which means it becomes difficult to turn this into reliable recycled plastic for other uses. Biodegradable bags also contribute to greenhouse gas emissions when they decompose in landfill sites.

What are the likely environmental impacts of the proposed levy, including the likely impacts of alternatives?

The Scottish Executive study¹² reviews the environmental impacts of the proposed levy and concludes that a levy would stimulate a switch away from the use of plastic bags (by typically 90%) and that 5 of the 8 indicators examined will show an improvement, including a reduction in litter.

However, it also suggests there would be some shift in usage to paper bags, as was the case in Ireland. These are reported to have worse environmental impacts and produce greater volumes of waste. But this assumes that consumer demand for paper bags will increase and no recycling of paper bags would be met, which will not necessarily occur. To counter this three measures would be necessary – an education campaign to inform consumers of the environmental impacts of paper bags with a campaign directed towards their recycling; and a commitment, particularly by non-food retailers where the change is predicted to take place, to adopt a voluntary approach to reducing paper bag usage.

¹⁰ Convery F and McDonnell S (2003) op.cit.

¹¹ Scottish Executive (2005) op.cit

¹² Scottish Executive (2005) op cit.

What are the likely effects of the proposed levy on businesses, including retailers?

It is anticipated that the food retail sector in Scotland will benefit from net cost savings following set up and administrative costs, as a result of having to buy fewer bags which are then given away for free, while the non-retail sector will incur costs if it switched to paper bags. There will be costs of introducing the system for administering the levy, which will be felt more acutely by smaller retailers. Costs are likely to be passed onto the consumer.

Retail theft initially rose in Ireland, but has since fallen to lower than pre-levy levels.

Is the method provided in the Bill for enforcing the levy appropriate and workable?

The SCC believes further details on how the Bill will be enforced by local authorities are necessary, and in particular any impact on the capacity of enforcement officers to undertake this work.

What should funds generated by the levy be spent on? Should these funds be 'ring-fenced' for this purpose? Should this be specified in more detail in the Bill?

The SCC believes the allocation of funds generated should be ring-fenced for environmental projects. We would advocate consultation with local people on priorities for their local area. This will ensure that consumers are stakeholders in the process and will be encouraged to participate. The funds should be additional, rather than substituting funds that would otherwise have been earmarked for environmental projects.

SUBMISSION FROM ABERDEEN CITY COUNCIL (1)

NON-BIODEGRADABLE FOOD AND DRINKS CONTAINERS

I have been instructed by Council to make representations to Government in relation to the imposition of a levy on non-biodegradable food and drinks containers.

On 23 March 2005, The Environment and Infrastructure Committee resolved, "that to discourage the use of non-biodegradable containers and to help local authorities defray the costs of cleaning up and disposing of this waste, representations be made to Government to apply the Packaging Recovery Note scheme to all firms in the fast food industry using non-biodegradable food and drink containers with an annual turnover exceeding £500,000 on the basis that 50% of charges collected from a local authority area would be returned to that authority to defray clean-up costs and the balances channelled into environmental projects".

I have enclosed the report and a copy of the relevant committee minutes.

I would be pleased if you would give this matter your consideration and advise me if and when this is progressed. It may be appropriate for this matter to be included as part of Aberdeen's submission to the Environment Committee when it considers the plastic bag levy Bill. I would seek your advice on this.

ABERDEEN CITY COUNCIL

Environment and Infrastructure

Tuesday 25th January 2005

Non Biodegradable Food and Drinks Containers

Lead Officer: J D Gordon, Corporate Director, Environment and Infrastructure
✉ dgordon.eis.aberdeen
☎ (52) 3838

Author of Report: Ian Livingstone, Head of Service, Environmental Policy and Protective Services
✉ ilivingstone.eis.aberdeen
☎ (52) 2209

Other Involvement:

- A Sefton, Environmental Policy Manager, Environment and Infrastructure
- I Hay, Project Officer, Environment and Infrastructure

Consultation undertaken with:

- Councillor S Delaney
- Councillor I Yuill
- D Millar, Head of Service, Neighbourhood Services (Central)
- A H Kershaw, Waste Collection and Transport Manager, Neighbourhood Services (Central)

Summary of Report:

Following consideration of the notice of motion by Councillor S Delaney "That the Council asks for support from COSLA and lobbies the UK Parliament for: 1) the introduction of a levy on non biodegradable food cartons and drinks containers as used by hot food takeaways; and, 2) the redistribution of the proceeds of such a levy to local authorities in order to defray the costs to the council tax payers of the associated clean up costs and landfill charges". The E&I Committee of 10th November 2004 instructed that a report be produced which provides information on:

1. Costs and practicalities of recycling the paper, cardboard, plastic and metal cans collected and the effect this would have on overall landfill tonnage and charges.
2. The DEFRA code and other relevant information.
3. The Packaging Recovery Notes scheme

Recommendations

That the Committee: Note the further information provided in relation to Councillor Delaney's Notice of Motion.

Linkage to the Community Plan and to "A Partnership for Aberdeen"

Any reduction in litter will improve the cleanliness and appearance of the city and reduce costs associated with clearance and disposal.

Implementation:

To be implemented as soon as possible.

Resource Management Implications:

People: None arising from the report, however, should the Committee decide to pursue recovery and segregation of recyclable materials there would be as yet unidentified resource implications.

Finance: None arising from the report, however, should the Committee decide to pursue recovery and segregation recyclable materials there would be as yet unidentified resource implications.

Systems & Technology: None arising from the report, however, should the Committee decide to pursue recovery and segregation recyclable materials there would be as yet unidentified resource implications.

Property: None arising from the report, however, should the Committee decide to pursue recovery and segregation recyclable materials there would be as yet unidentified resource implications.

Other Equipment (desks, accommodation, etc.): None

Other Implications:

Health and Safety: Any actions instructed would be undertaken within the Council's Health and Safety Policy.

Risk Management: Any reductions in litter would have positive cleanliness benefits and reduce the amount of waste being disposed of.

Equalities: NONE

Sustainability:

Environmental: Will be addressed in the report but any improvements in cleanliness will have positive benefits.

Social: Will be addressed in the report but any improvements in cleanliness will have positive benefits.

Economic: Will be addressed in the report but any improvements in cleanliness will have positive benefits.

Construction: NONE

SIGNATURE: _____

Main Considerations:

1.0 Costs and practicalities of recycling collected materials.

- 1.1 The Council's main thrust in recycling and diversion of municipal solid waste from landfill is through the currently expanding segregated kerbside collections and recycling centres. These provisions are designed to ensure the highest quality recyclable materials (recyclate) can be delivered to the waste management contractor (SITA) and avoid the possibility of rejection due to contamination. This is particularly important to the case of paper and cardboard.
- 1.2 It is difficult to estimate the quantity of recyclate which could be recovered from the waste collected through the street sweeping operations within the city centre. The least difficult materials to be recovered would be drinks containers, both metal and glass. The difficulty arises in their subsequent segregation and quality control. It should also be emphasised that the service objective is to remove the material from the streets and bins and return the city centre to an A grade of cleanliness as soon as possible and by no later than 8:00am the following morning.
- 1.3 Our waste management contract stipulates that the recyclate will be delivered to SITA pre-sorted and requires little further handling either manual or mechanical. The segregation and separation of recyclate from street sweeping operations would require post-delivery sorting. There would also be health and safety concerns relating to the sorting of refuse at a materials reclamation facility. The original proposal was for this material to be dealt with by incineration with recovery of recyclate from the bottom ash. The current review of waste treatment technologies will, however, take this issue into account and consider ways of recovering more recyclate from the various waste streams including waste from street sweeping operations. (This is the subject of a separate report to Committee).
- 1.4 Another avenue open for investigation would be the provision of additional recycling facilities within the city centre. This would allow provision for recyclate collection, particularly glass bottles and drinks cans and would be separate from but co-located with the litter bins. Members will be aware that the Council's Waste Implementation Plan proposed the replacement of 25% of the street refuse bins with recycling bins for dry recyclate (excluding glass). The pedestrianisation of Union Street will afford opportunities for reviewing the facilities within the city centre and linking these to the wider project. The success of this would of course be dependent on the co-operation of the people who are generating the waste.
- 1.5 The remainder of the waste is food waste and street sweepings which would go to landfill. Officers are currently developing a proposal with the Scottish Executive and SITA to provide an in-vessel composting facility (funded by the Scottish Executive's Strategic Waste Fund) which could deal with food waste and comply with the animal by-

products legislation. This will also be examined as part of the technology review.

2.0 Voluntary Code of Practice for the Fast Food Industry

- 2.1 The voluntary code of practice “open all hours” was published on 22nd November 2004. The code applies only to England and Wales (available on website (www.defra.co.uk)). The Code’s aim is to reduce food and drink litter, and waste that becomes litter, in the local environment. The code recognises that “we all benefit from, or are disadvantaged by, the state of our local environment and we all need to play a part in maintaining or improving its standard”. The code is not prescriptive and promotes partnership working to achieve the best solutions.
- 2.2 The code is aimed at all businesses selling food and drink for immediate consumption outdoors. Any food consumed outside which is disposed of incorrectly becomes “fast food” for the purposes of the code. The code then offers a definition of fast food litter as “any fast food or the packaging sold with the food substance which is found discarded onto public streets”. The code categorises businesses according to their impact and their ability to clean up and different recommendations have been aligned to each category.
- 2.3 The code provides a framework for businesses to work in partnership with other agencies to solve the problems of fast food litter associated with their activities.

Fundamental to this is the channelling of sufficient time and resources into public education and reducing packaging waste and litter.

- 2.4 As reported on 9th November 2004, ENCAMS Scotland has produced a similar document for the Scottish Executive, this is presently under review. There is currently no timetable for implementation.

3.0 Packaging Recovery Notes (PRNs)

- 3.1 The Producer Responsibility (Packaging Waste) Regulations were brought into force in 1998. This placed a legal obligation on those Companies which handled a significant quantity of packaging to ensure a reasonable percentage is reprocessed. The current criteria for an ‘Obligated Company’ are the handling of more than 50 tonnes of packaging per year, and having a turnover of £2 million or above.
- 3.2 As most of these Companies do not reprocess waste themselves, they can purchase a ‘Packaging Recovery Note’ from reprocessors for the equivalent of one tonne of waste packaging which has been recycled. For large chain fast food retailers such as Pizza Express, this would equate to approximately £50,000 to £55,000 per year. The value of a PRN varies with the type of waste material and market conditions. An example would be, at present value per tonne, paper = £5.25; plastic = £19.50; glass = £19.50 and aluminium cans = £27.25. For each PRN purchased by an ‘Obligated Company’ this would represent the

equivalent of recycling one tonne of that material towards their annual obligation.

- 3.3 Obligated Companies have been set targets for recovery and recycling, these targets are set at two levels, an overall target and a material specific target. The original targets were set at 50% recovery and 44% recycling, which were achieved by a small margin in 2002. The new targets being set for 2008 are likely to be 60% recovery and 55% recycling. Material specific targets are likely to be set at 60% for glass and board, 50% for metals, 22.5% for plastics and 15% for wood.

Minute of the Environment and Infrastructure Committee – 23 March 2005

21. NON-BIODEGRADABLE FOOD AND DRINKS CONTAINERS –

INTRODUCTION OF LEVY – MOTION BY COUNCILLOR DELANEY. Reference was made to Article 30 of the Minute of Meeting of the Committee of 25th January, 2005, when the Committee considered a report dated 9th December, 2004, by the Corporate Director for Environment and Infrastructure on the costs and practicalities of recycling the paper, cardboard, glass and aluminium collected by the Council and on the implications of this for the overall landfill tonnage and charges; on the DEFRA Code of Practice and the ENCAMS (Scotland) Draft and on the use of the Packaging Recovery Note scheme. In the absence of Councillor Delaney, consideration of the report had been deferred to this meeting.

The Committee then resumed consideration of the Director's report dated 9th December, 2004, which was summarised fully in the Minute of the Meeting referred to above. Councillor Delaney addressed the Committee, accepting the difficulties associated with segregating recyclates and quality control issues related to waste collected from city centre streets. He emphasised the need to provide more city centre recycling facilities for both local residents and the general public and suggested that the Packaging Recovery Note scheme was not sufficiently wide ranging and failed to address the current problem because it only applied to companies with an annual turn-over exceeding £2 million which restricted it to firms operating as part of national chains. He then outlined a number of ways by which his motion could be taken forward.

The Committee resolved:-

- (i) that the Corporate Director for Environment and Infrastructure be instructed to report on the introduction of dry recycle facilities in Union Street with costings on the basis that 25% of street bins in residential parts of the city centre would be converted as a matter of priority;
- (ii) that, to discourage the use of non-biodegradable containers and to help local authorities defray the costs of cleaning up and disposing of this waste, representations be made to Government to apply the Packaging Recovery Note scheme to all firms in the fast food industry using non-biodegradable food and drink containers with an annual turn-over exceeding £500,000 on the basis that 50% of charges collected from a local authority area would be returned to that authority to defray clean up costs and the balance channelled into environmental protection projects; and
- (iii) otherwise, that the information contained in the Director's report be noted.

SUBMISSION FROM ABERDEEN CITY COUNCIL (2)

General comments

Aberdeen City Council is fully supportive of the Bill to introduce a levy on plastic bags. The Council has been lobbying for such a levy for the last two years. We believe the Bill provides a significant opportunity to protect and enhance Scotland's environment.

The proposed Bill discussed only a levy on plastic bags, made wholly or in part of plastic. Does this encompass degradable bags? There is also no mention of biodegradable, paper or textile bags that also have environmental impacts associated with their production and ultimate disposal. As we reported in our response to Mike Pringle MSP's consultation earlier on this year, would it not have been better to have a sliding scale for the levy that is imposed according to environmental impact?

The Bill's definition of plastic bags is somewhat ambiguous, surely by using the definition in the Bill a levy would have to be charged on blood, plasma and bags that carry clinical material. Should these be noted as exemptions?

It is important to note that a lot of Local Authorities use heavy-duty plastic bags as part of their kerbside recycle collections, will these be exempt or charged at levy? If these were made exempt, we would need to be careful not to be seen as penalising one part of society and not another, after all Local Authorities should be leading by example.

The levy does not indicate who will be responsible with the Local Authority for administering this scheme, and who the authorised persons will be. Has thought been given to the budget allocation for setting up such an initiative? Once the scheme is running it is envisaged that it will be sustainable, however set up costs will be incurred – where is this resource coming from?

Should penalties be based differently? What may not be an effective deterrent to the large multi-national may cripple and disable a small business. The penalty could be based on turnover, volume of waste generated or possibly a name and shame policy.

Question responses

- **To what extent are plastic bags a problem, in terms of waste management and their impact on the environment, including wildlife?**

The UK now produces and uses 20 times more plastic than we did 50 years ago. Every year Scotland uses approximately 1 billion plastic bags, this equates to 200 bags for every man, woman, and child in Scotland. Many of these plastic bags are not reused and eventually find their way to landfill or as litter on the streets.

Plastic bags, by their nature as an oil-based product have negative effects on climate change in their production and also increase our greenhouse emissions. If national averages are applied to Aberdeen then we are sending some 1000 tonnes of plastic bags to landfill each year. We further understand that plastic bags have a very long

life after disposal and continue to pollute the environment for a long period as they degrade.

Some points to note:

- Plastic bags are a major cause of unsightly litter and also harm wildlife.
- Plastic bags take between 15 and 1000 years to break down, whereas biodegradable bags break down completely in 45 days, leaving only carbon dioxide and water, some in fact add nutrients to the soil.
- The amount of petroleum used to make one plastic bag would drive a car about 115 meters.
- Plastic bags that end up in the sea are easily swallowed by marine life that mistake them for food. An estimated 100,000 whales, seals, turtles and other marine life die every year after swallowing plastic bags.
- In many council areas plastic bags are the single main contaminant to kerbside collections.

- **To what extent is the proposed levy likely to affect consumer behaviour?**

The levy will inform the public on the environmental, social and economic impacts associated with carrier bag manufacture and disposal, irrespective of the origin. Therefore the issue of consumer responsibility will be addressed.

If we consider this as a primary aim of the legislation, it is a real and easily observed problem both within the urban and rural landscape. However if we are considering it on this issue we must question why only plastic bags are being targeted. While the findings of the National Litter Survey in Ireland, and research in the UK indicate that plastic bags are one of the most visible litter items, also included are plastic bottles and fast food containers. Therefore why are these items not also included within the proposed levy, if it is in broad terms an environmental levy? Additionally it may be argued that there are already a number of initiatives in place that are currently addressing this issue. Which may lead us to conclude that tackling litter is not the main aim of the levy, but something that would be directly impacted by the levy.

In conclusion, the levy is not simply about plastic bags, it serves a wider environmental value that it is about customer awareness and education regarding recycling, environment and sustainability generally. Giving the consumer a responsibility for their consumption.

- **What alternative to plastic bags are people likely to adopt**

There are numerous alternatives available to plastic bags. It was only a number of years ago that plastic bags were not available or were charged for and people used alternatives such as textile bags, baskets, shopping trolleys, rucksacks etc, all of which are readily available today at comparable costs.

The public should be aware that although they do not incur a charge for bags presently, they do incur a cost in the price of the products that they are purchasing. A direct fee may not be applied, but this will be recuperated through overheads to the retailer.

- **Is a levy a suitable method of addressing the problem?**

In an ideal world enforcement or coercion would not be necessary to ensure that people behaved responsibly and that we produce resources in a sustainable way. In reality, those that will act in this manner will, those that can be changed will, and there are those who will go against the grain. Bearing this in mind, the introduction of a plastic bag levy will affect everyone if they continue to use plastic bags. People will have a choice as to whether they are effected or not, as decision is down to the individual.

The levy is a good way of highlighting the issues surrounding plastic bags and bringing it into the public realm. However, the most effective mechanism would be to target and penalise the manufacturers.

- **What are the likely environmental impacts of the proposed levy, including the likely impacts of alternatives?**

- Reduced litter
- Reduction in the use of non renewable resources
- Reduction in the volume of material being landfilled and ultimately turning into methane emissions

However biodegradable, paper, and textile alternatives have the same environmental impact as plastic bags but on a lower scale. If a levy were applied across the board these impacts would be reduced too.

- **What are the likely effects of the proposed levy on businesses, including retailers?**

Businesses should benefit in some respects, as they don't have to provide bags, which is a cost to them. However if they wish to provide them, they can recover their cost by charging more than the standard rate applied to the levy.

However, businesses that did not conform would face penalties. Some of which may be easier for a multi-national to cover, when compared to a small to medium sized enterprise. Again they have a choice to conform.

The biggest impact on retailers would be the reduced marketing potential. Plastic bags are used to advertise products from retailers, and act as mobile billboards. Again, retailers can produce more sustainable alternatives with their own branding.

- **What should funds generated by the levy be spent on?**

Individual Local Authorities are best placed to understand and appropriately respond to the particular needs of their community. The question here is whether the money should be available to other sectors, not just the environment?

Ideally the money would be best spent on supporting local waste initiatives and community environmental projects. Landfill tax monies can no longer be used on waste-related projects it seems a sensible option to use the current mechanisms (local environmental bodies) to distribute the funds generated.

- **Should the funds be 'ring-fenced' for this purpose?**

No, not if the Local Authority is administering the scheme. If the scheme was ring-fenced the money would go back to the Scottish Executive so that they can distribute the monies.

- **Should this be specified in more detail in the Bill?**

Yes.

- **Are the financial consequences of the Bill sufficiently clear?**

Local Authorities are not the most appropriate mechanism to operate the scheme. Aberdeen City Council is extremely supportive to the principles behind the Bill, it does however have grave concerns regarding the operation of such a scheme at local level. There is a feeling that given the magnitude of enforcing such a levy, without additional funding mechanisms, would be an impossible task for Local Government. The Council is aware that this scheme is self-funding within the republic of Ireland, and the Bill gives examples of funding achieved. However we would argue that as this is an environmental Bill its primary aim is the re-education of the consumer to adopt more sustainable waste habits. Therefore if the Bill is seen to be successful, funding over time should diminish substantially, which would undoubtedly place an unsustainable burden upon Local Government.

SUBMISSION FROM HIGHLAND COUNCIL

The Highland Council is grateful for the opportunity to comment on the draft Bill. The answers to the specific questions are given below.

To what extent are plastic bags a problem, in terms of waste management and their impact on the environment, including wildlife?

They can be a significant problem for wildlife and the general impact on the environment although variable can also be significant. They are very slow to degrade and; their ability to be transported by wind and water can cause visual intrusion. The first causes problems in habitats and when plastic is ingested; the second is of particular concern in the Highlands with its relatively strong winds and high rainfall. Plastic bags when landfilled also cause significant adverse conditions for rapid degradation of biodegradable wastes in landfill.

To what extent is the proposed levy likely to affect consumer behaviour, and what alternatives to plastic bags are people likely to adopt? Is a levy a suitable method of addressing the problem?

In the short term, evidence from Ireland suggests that the public will be reluctant to alter patterns of behaviour at least initially ('appropriating' wire baskets from supermarkets), but if alternatives (reusable bags and assistance) are offered alongside the financial 'penalty' of a levy - behaviour will change.

What are the likely environmental impacts of the proposed levy, including the likely impacts of alternatives?

In the short term - more abandoned wire baskets and trolleys. Possibly more casual litter as people stop using 'costly' bags to bundle refuse. In the longer term less plastic in the wider environment would be a measurable beneficial outcome and could cut supermarket costs of supply. If the levy is introduced simultaneously with, for instance, waste segregation and other "minimisation" messages the sense of the approach may be more fully accepted.

There is potential that if paper bags are offered instead of plastic bags by shops this could have a detrimental environmental impact. Paper bags use more material, are less likely to be reused or recycled and contribute to greenhouse gas emissions if landfilled.

There is some evidence that although there maybe a reduction in the use of plastic bags from supermarkets, other bags or containers will be purchased to be used, for example to contain dog excreta or as bin liners.

What are the likely effects of the proposed levy on businesses, including retailers?

Two types of retailers must be considered, large (supermarkets) and small (corner shops). The first tends to deal with planned shopping trips and could see an increase in the use of re-usable bags. This should help cut overheads and waste. For smaller shops where purchases are more 'spontaneous' there may be a reduction in goods purchased unless alternative containment is offered.

Is the method provided in the Bill for enforcing the levy appropriate and workable?

It is too early to make a judgement on this.

What should funds generated by the levy be spent on? Should these funds be 'ring-fenced' for this purpose? Should this be specified in more detail in the Bill?

As a point of principle any funds generated from an environmental tax/levy should be used to support the intention of the tax/levy. Some of the funds could be used to off-set any perceived disadvantage to small retailers but more importantly should be used to fund awareness campaigns and waste segregation programmes. Radically, it could be used to collect waste plastic in the wider environment and reduce the harmful effects of plastic bags on wildlife (eg in assisting turtle conservation).

SUBMISSION FROM RENFREWSHIRE COUNCIL

The Bill requires retailers to apply a charge, a levy initially set at 10p, for each plastic bag supplied to customers, other than the supply of certain exempted bags. The Bill seeks to protect the environment in a number of respects, including the preservation of wildlife and habitats and the prevention of the disamenity caused by the defacement of our surroundings by unsightly littering caused by discarded and windblown plastic bags. The Bill further aims to raise awareness of environmental issues and make consumers consider the use of alternatives.

Other matters included in the bill are provision for local authorities to gather information from retailers about the use and supply of plastic bags. Local authorities will also collect the levy. If a supplier fails to charge the levy they will be guilty of a criminal offence.

COMMENTARY ON THE BILL AND ASSOCIATED CONSIDERATIONS

1. Enforcement and Collection of the Levy

- 1.1 A levy will be cumbersome to administer, monitor and operate. Businesses would need to be known to the Council in respect of their responsibilities under the intended provisions, and they would, in turn, need to be made fully aware of the commitments placed upon them. This would mean there being a full record created of who needs to make returns in respect of both monies and information, and systems for the assurance of full and proper returns being made. It would also be necessary to assure compliance and assess the quality and accuracy of returns that are made. Records of the relevant businesses for the purpose of the scheme would need to be maintained to reflect change in terms of volumes and the businesses themselves.
- 1.2 There would thus be a need to identify businesses, ascertain their use of plastic bags for provision to customers, determine liability to the levy and make arrangements for the recovery of income. The frequency of carrying out such operations will influence their cost and complexity but they would need to at least be regular enough to cover the dynamics of local business activity so as to guard against loss of revenue. There would need to be a robust arrangement for ascertaining that business is remitting the proceeds generated by the levy and that they are charging for all the bags that are used.
- 1.3 It may be simpler to tax production or the sale or supply of bags to retailers. This would reduce the number of businesses involved in the scheme's direct operation and be less onerous on smaller and medium sized undertakings. There would also be a commensurate reduction in the cost burdens attaching to the administration of the scheme. The obligation to charge for the supply of the relevant bags would still apply to the retailer at the point of sale and thus still serve as an incentive to the consumer to identify and use alternative or more sustainable means of carrying their purchases. At the other end of the

process, the revenue raised could then still be distributed to the local authorities for application to environmental purposes and projects. This would also obviate the need for as many as 32 collection and administration regimes operating across the country and offer an opportunity to introduce value for money considerations into the process and provide an assurance of best value in the delivery of the proposed regime.

- 1.4 In other respects it is difficult to judge the likely costs to local authorities if they are to administer the proposed levy. Again this is linked to matters such as the frequency of returning information and collecting the monies raised. However, it is likely that the costs will bear disproportionately on smaller authorities, or even groups of authorities, because they will have to sustain certain core administrative and collection arrangements but not be so readily able to achieve economies of scale as will be the case with single large authorities. Similar considerations apply with regard to the ongoing need to carry out enforcement of compliance with the proposed levy on an ongoing basis. In Ireland, enforcement is a local function whilst the regime itself is centrally administered and aligned to other revenue / taxation matters.

2. Exemptions

- 2.1 It is thought that the proposed levy should apply to all businesses that provide carrier bags to customers if the intention is to deliver an awareness message as part of the purpose of the scheme. It would be reasonable to follow the precedent provided by the Irish model by offering exemption to registered charities. Other exemptions used in the Irish situation, such as the exemption for retail outlets at Ports and Airports may also be appropriate.
- 2.2 As far as the bags that are subject to the proposed levy are concerned, there is perhaps a case for the exemption of certain plastic bags. These could be those that are fully biodegradable, bags from non fossil fuel sources and thicker bags which are more readily able to be reused several times over - so called 'bags for life'. A range of other bags has already been enumerated in the Bill and in the consultation process, mainly wrappings and food contact materials.
- 2.3 Research indicates that paper bags should not be seen as being a benign or environmentally friendly alternative to plastic bags. These are, in certain respects, just as polluting as plastic bags and share some of the characteristics of so called 'degradable' bags. Their use does not diminish the need for disposal and can, in the process of degrading, be polluting in ways not attributable to plastic bags. In addition the use of an alternative in this way runs counter to the prevailing protocols and accepted wisdom of the 'waste hierarchy', which urges us all to 'prevent, reduce, reuse, recycle' and where possible recover energy. In all cases we want to assure the protection of the environment, the conservation of resources and energy and, if possible, recover value from what was formerly waste and should be progressively viewed as a resource.

3. Amount of levy and the use of the money raised

- 3.1 The amount of the levy should be set at such a level that it deters consumers from using plastic bags. The present intention of setting the levy at 10 pence is comparable with the level set in the Republic of Ireland.
- 3.2 Renfrewshire Council believes that a general grant that allows the Council to determine its own spending plans based on local need should be a central principle in the way that the revenue from the levy is redistributed. Ring fencing is recognised as a way of assisting the achievement of specific policy objectives but as a device can be too prescriptive. It is felt that, in any case, it may be that funds should be applied to achieving some of the more difficult tasks that are entailed in the protection or improvement of the environment.

4. General

- 4.1 Whatever way the environmental levy is applied and irrespective of its scope, it is arguable that it may achieve a great deal that goes beyond its immediate purpose. The breadth of its application will be such that it will be brought to the notice or consciousness of a large proportion of the population on a regular or frequent basis. In that respect there may be gains beyond anything that can be quantified on a balance sheet relative to the scheme itself. In terms of the visual impact that any improvement arising from less littering may bring, that can only have the effect of raising the profile of the environment in the widest sense. That in itself is likely to make people recognise the value and benefit of environmental initiatives and help make the community, in the widest sense, more positively disposed towards caring for and protecting their environment. Changing attitudes is important as a precursor to making more people likely to accept that they can play some part in environmental improvement and at the same time make them more accepting of the principle of legislating for the betterment or protection of the environment.

Note 1

In the course of the Renfrewshire Waste Management Study carried out in 2003 by the Caledonian Shanks Centre for Waste Management at Glasgow Caledonian University, a Waste Analysis in August 2003 ascertained that plastic carrier bags formed 10.08kg of 510.65kg of waste analysed, or 1.97% of our waste. This is significantly higher than the HM Treasury estimate of 0.3% of the Municipal Waste Stream in the UK. SEPA, however have variously estimated the proportion as between 1.85% and 6.08% (2002/03). We need to be careful as to the timing and the methods used for waste analyses as composition and proportions can change.

Note 2

It is recognised that, apart from providing a local focus and utilising existing structures, one of the other objects of assigning the collection of the proposed levy to local authorities is to overcome the statutory limitations on the revenue raising powers of the Parliament. It may be worth examining the potential for other collection mechanisms to be used in order to eliminate duplication of effort at a number of locations with all the cost burdens that will entail. An estimate of the possible proceeds of the levy in Renfrewshire is that it would yield around £200,000.

Costs would have to be set against this figure to allow the net benefit to be assessed. CoSLA has expressed its reservations about the duty of collection of the levy falling on local authorities and thinks the matter merits full examination.

Note 3

It may be that the Parliament should be aware of other impacts of the initiative to apply a levy to the supply of plastic carrier bags. Clearly the positive value of the levy is recognised by the very terms and purpose of the Bill. The Scottish Executive commissioned consultants to carry out an extended impact assessment. One of the possible impacts is thought to be the likelihood of job losses (300 to 700 jobs) across Scotland. That would most likely be in the manufacture of plastic bags. There may be further losses in associated work such as distribution. What is perhaps worth noting is that the greatest concentration of losses is potentially in Greenock and Glasgow and it may be worth reflecting on what this means for the respective local economies and employment. It is possible that some of the job losses that are associated with the implementation of the scheme can be compensated by the creation of jobs elsewhere in the economy funded by the proceeds of the levy. A problem with this is likely to be the concentration of losses set against the dispersed nature of the gains.