



01 August 2013

## **ASDA RESPONSE TO THE NI ASSEMBLY COMMITTEE FOR THE ENVIRONMENT ON THE CARRIER BAGS BILL**

### **About Asda in NI**

- Asda is Northern Ireland's second largest grocery retailer, employing 4,500 colleagues in 17 stores and a distribution centre. We have plans to invest a further £280 million in Northern Ireland, doubling our number of stores and creating more than 5,000 new jobs.
- Asda is committed to environmental best practice, for example achieving Quintile One status in the Business in the Community Environmental Benchmarking Survey and we are striving to reduce our carbon footprint and achieve zero waste.
- Our Community Life programme is a long term commitment to help our stores build strong relationships with the local communities we serve.
- Asda is a previous winner of the 'Responsible Company of the Year' and 'Employer of Choice' at the Northern Ireland Business in the Community Awards.
- We are committed to local sourcing, working with over 100 local suppliers. Our Sustain and Exchange Programme helps suppliers reduce their costs, be more efficient in their operations and they keep the savings. We have also hosted a successful year long Supplier Development Academy for some of our key suppliers.
- Asda is committed to every day low prices for our customers, which is particularly important in the current economic climate. Asda Income Tracker research has shown that families in Northern Ireland typically have significantly less disposable income than the UK average. The latest Asda Income Tracker result showed the average NI family retaining just £59 per week of disposable income - the average UK family's disposable income reached £160 a week in June.

## **Carrier Bag Levy**

### **Phase 1 results**

Asda has worked positively with DOE to introduce Phase 1, a 5 pence levy on single use carrier bags. Asda has invested heavily in IT, marketing, signage and colleague training to implement the levy and our first quarter returns show a remarkable 97% fall in use. Across Asda stores in NI this represents a huge drop in the percentage use of single use carrier bags, indicating a very high level of goodwill and compliance shown by our customers and colleagues. Such a large reduction in single use bags should deliver significant environmental benefits from this policy which is to be welcomed.

### **Phase 2**

#### **Lack of evidence**

It is our view that with Phase 1 only into practice for a matter of months and with the results so far being so positive, it is very premature to be rushing to Phase 2. Phase 1 should be given considerably more time to operate so that consumer behaviour can be properly assessed and evidence gathered.

To date our consumers have shown remarkable goodwill towards the 5p levy leading to a successful introduction of Phase 1 in terms of public support and potential environmental impact. However we do not support the Phase 2 proposals. There is no evidence that increasing the levy on single use carrier bags to 10p and extending the levy to reusable bags (below a threshold price) is necessary to secure the positive environmental impacts sought by this policy. In fact extending the levy to reusable bags may have the unintended consequence of driving customers back towards cheaper single use bags. It is also notable that in Wales a 5p levy has successfully been in operation since October 2011. Welsh legislation provides the option to increase the levy to 10p if targets are not being met but this has not been necessary. Instead the emphasis has been on ongoing good communication, encouraging consumers to switch to reusable bags.

#### **Extending to reusable bags is counter-intuitive**

Extending the levy to reusable bags is counter-intuitive for our customers who are being encouraged to switch to reusable bags, yet now the proposal is to equally levy this purchase as well. This will penalise our shoppers who are seeking to be environmentally conscious. The Minister has expressed a concern that some of the lower cost reusable bags will now become the new 'throw away bag'. There is no evidence that customers will do this and we are confident in the quality of our reusable bags which indeed can be used over and over again and then replaced in store FOC when damaged or broken.

#### **Environmental project or Departmental fundraiser?**

Increasing the levy to 10p and extending it to reusable bags will in our view only serve to jeopardise our customers goodwill and support for this initiative. The process will look more like a fund raising exercise for a Government Department rather than a positive environmental initiative and our customers will reject

this. It will also push up the cost of shopping for our customers at a time when many are struggling with the cost of living as demonstrated by the Asda Income Tracker results.

### **Business costs**

It should also be noted that if Phase 2 is introduced, this will come at considerable cost to our business in terms of IT, unique bags and bar-coding for NI stores, additional distribution pick slots etc.

### **Summary**

- Phase 1 is a success and has dramatically reduced single use carrier bags above original target.
- Phase 1 should be given more time to operate and if it continues to have the desired effect of dramatically reducing carrier bag pollution then no additional measures are necessary.
- There is no evidence that increasing the levy on single use carrier bags to 10p is necessary to sustain the environmental impact of the policy.
- There is no evidence that imposing a levy on reusable bags to prevent them being treated as 'throw away bags' is necessary.
- Extending the levy to reusable bags is counter intuitive and indeed could drive customers back to using cheaper single use bags.
- Increasing and extending the levy jeopardises public goodwill towards this initiative – it will look more like Government fundraising, rather than an environmentally motivated scheme.
- If implemented, there will be a considerable cost to our business.

---

### **For further information please contact:**

Joe McDonald  
Corporate Affairs Manager NI  
Mob: 07779 700236  
Email: [joe.mcdonald@asda.co.uk](mailto:joe.mcdonald@asda.co.uk)

Karen Todd  
Head of Zero Waste  
Tel: 0113 826 2915  
Email: [Karen.todd@asda.co.uk](mailto:Karen.todd@asda.co.uk)