



## A Briefing on a Tax for Reusable Bags for Northern Ireland

### Introduction

The Northern Ireland Retail Consortium (NIRC) is the lead trade association representing the whole range of retailers, from the large multiples and department stores through to independents, selling a wide selection of products through centre of town, out of town, rural and virtual stores.

The NIRC is the authoritative voice of retail, recognised for its powerful campaigning and influence within government and as a provider of excellent retail information.

### Key Facts about Retail and Plastic Bags

- Our members led the way in providing *Bags for Life*
- Our members led the way in providing facilities for our customers to recycle single use plastic bags, with millions recycled every year.

### Background

- The 5p single use carrier bag levy was introduced in Northern Ireland on 8 April. This levy was introduced under the 2008 Climate Change Act and is due to rise to 10p in April 2014.
- The Minister also proposes to extend the scope of the levy to include low cost reusable bags with effect from 1 April 2014. This requires new primary legislation.
- On Monday 3 June, the Carrier Bags Bill was introduced into the Northern Ireland Assembly and passed stage one. It entered stage 2, the Committee stage, on 11 June. This is envisaged to last over the summer period and should end in late September. It is understood that there will be no formal consultation on this legislation.
- The principle purpose of this Bill is to amend the 2008 Climate Change Act to allow the charging requirement to be applied to a wider variety of carrier bags – and to enable these bags to be defined by reference to their price. This will allow the Northern Ireland Department of Environment to make regulations which will apply the charge to the cheaper versions of reusable bags - as well as to single use bags.

### Implications

- The Department intends to establish a price threshold in the Regulations (expected in late October/early November). This is likely to be defined as the cost of a carrier bag without the addition of the levy.
- Any bag costing less than the specified threshold would be deemed to be “low cost” and therefore liable for the 10 pence levy. Bags priced above this threshold would be exempt from the levy. While a final decision has not yet been taken, the Minister has identified a figure of 40 pence as the preferred option and has asked officials to seek views from representative groups.
- If Northern Ireland introduces a charge for reusable bags it will be setting a precedent for the UK. There is no scientific evidence to suggest that its introduction would have environmental benefits. The charge would be the retail price *plus* a 10p tax, thus making this a tax rather than a levy.
- The stated justification for the Bill is to deter customers from purchasing cheaper versions of reusable bags in order to avoid significant adverse environmental impacts. However, this approach will either:

- Encourage consumers to purchase a single use bag – which calls into question the purpose of the initial single use carrier bag levy; or
- Incentivise customers to purchase more expensive and more durable reusable bags, which need to be used far more than a low cost reusable bag in order to offset their carbon footprint.
- An Environment Agency study found that while conventional, lightweight carrier bags made from high-density polyethylene (HDPE) have the lowest carbon footprint of any type of bag; a reusable carrier bag made from low-density polyethylene (LDPE) has to be used at least 4 times to have less environmental impact. In contrast, a heavier more durable bag, made from non-woven polypropylene (PP) and a cotton bag would have to be used at least 11 and 131 times respectively<sup>1</sup>.

### Our approach

The NIRC believes that the reusable bag tax should be removed altogether for the following reasons:

- The public in NI are largely unaware of the NI Government's plans to introduce a tax for reusable bags and it is likely that there will not be the public support that there was for the initial 5p levy on single use carrier bags.
- The single use carrier bag levy has not had a chance to bed down. The levy has been in place for 2 months. Ideally the levy would need to be operational for at least 12 months to allow for analysis of: the reduction in the number of single use carrier bags distributed; the increase in the number of reusable carrier bags distributed, broken down by types of reusable bags; and the increase in the number of bin liners sold.
- Why penalise people for being environmentally conscious in first place? A tax on reusable bags has nothing to do with environment and there is no scientific evidence to suggest that its introduction would have environmental benefits.
- Retailers in Northern Ireland are already squeezed. Almost one in five of our shops are lying empty and we have seen footfall affected negatively by many factors over the past 18 months.
- This tax will put another administrative burden on retailers large and small.
- When the first tax was introduced in April 2013, we had asked for several months' notice to change our computer systems and train our staff. We did not receive this. With the delay of the introduction of this Bill through the Assembly and the time it will take to pass through the Assembly, retailers will have only a few weeks to change computer systems and train up to 50,000 front line retail staff. This is an unfair burden, both financially and logistically.
- If this tax is introduced, it will have a greater impact on impulse shopping, which is more likely to take place in small and independent retailers and in local communities. It is also likely to have a greater impact on lower income families who are less receptive to environmental initiatives and more likely to make more frequent, smaller purchases.
- We do not support the approach taken so far in NI, where the levy is collected by the Department of Environment and prefer the approach taken in Wales where the charge is donated by retailers to good causes and retailers self-publish results which regulators can collate to assess progress.

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<sup>1</sup> Environment Agency. Life Cycle Assessment of Supermarket Carrier Bags Report: SC030148