



Northern Ireland
Assembly

Committee for the Environment

OFFICIAL REPORT (Hansard)

Carrier Bags Bill: Departmental Briefing

10 October 2013

NORTHERN IRELAND ASSEMBLY

Committee for the Environment

Carrier Bags Bill: Departmental Briefing

10 October 2013

Members present for all or part of the proceedings:

Ms Anna Lo (Chairperson)
Ms Pam Brown (Deputy Chairperson)
Mr Cathal Boylan
Mr Tom Elliott
Mr Alban Maginness
Mr Ian McCrea
Mr Barry McElduff
Lord Morrow
Mr Peter Weir

Witnesses:

Ms Jennifer McCay	Department of the Environment
Mr Donald Starritt	Department of the Environment
Mr Simon Webb	Department of the Environment

The Chairperson: I welcome Simon Webb, the carrier bag levy project manager; Donald Starritt, who was with us last week and is the head of policy and legislation team on the carrier bag levy; and Jennifer McCay from the carrier bag levy policy and legislation team. I remind everyone that the session is being recorded by Hansard. Please give us a briefing of five to 10 minutes, and we will have questions afterwards.

Mr Donald Starritt (Department of the Environment): I will not take up too much time this morning, because we covered a lot of this ground last week. Today, we will focus, really, on the Bill. The Bill is pretty short; it is the underlying policy that is significant. It allows the Department to apply the levy to a broader range of bags, and we intend to do that by setting a price threshold that will determine which bags will be subject to the levy. We are suggesting a levy of 20p — sorry, a threshold of 20p.

The Chairperson: You frightened us.

Mr Starritt: Breaking news.

The detail of what we are doing will be in a set of regulations, and we have undertaken to provide the Committee with a copy of the regulations. Those should be on their way to the Committee, and you should have them for next week. There are really no surprises in the Bill, and there are no surprises in the regulations. Essentially, it is the same policy as before with the crucial difference that a broader range of bags are included and those bags determined by price.

The only thing I wanted to do today was to pick up on some of the key themes that stakeholders raised at your meeting of 26 September. I am sure that we will get into that in more detail later. There is a perception that what we are doing with phase 2 is at odds with the environmental objectives of the levy and that, in some way, we are looking to penalise people for doing the right thing in buying those bags. To that, we say that the right thing is not simply to buy new reusable bags but to buy your bags and reuse them, treat them as bags for life, which many retailers supply, and bring them back when they are worn out and get new ones. We are concerned that that is not happening, and I will maybe talk about that a bit more later. I am conscious of the need for us to gather evidence on that.

It has been put to the Department constantly that the extension in phase 2 is a way of raising additional money. If that were the objective, we would have raised the levy to 10p, because our modelling clearly showed that that would bring in more money. As it stands, keeping it at 5p and extending it to reusable bags will raise very little additional revenue. In fact, if people do what we want them to do and bring their bags back, it will raise practically nothing. Really what we are doing is trying to get people to value their bags, and we are hoping that, by placing a higher value on those bags with an increase in price, people will be more inclined to bring them back for replacement.

The only other thing I wanted to say at the start — and again, I think we touched on this last week — is that there is a perception that, because there has been a big reduction in the use of bags, the job is done. As I said last week, we regard the job as being half done. We do not want people to keep buying these new low-cost bags. We want them to reuse the bags that they have. We are aware anecdotally and, now, are increasingly getting evidence that the sales of low-cost reusable bags have increased very significantly. In some ways, you would expect that to happen and people are buying the bags that you want them to use. However, that is a good thing only if those bags are actively reused. Worryingly, a survey in June indicated that only 56% of people regularly reused the bags. If anything, that probably overstates the position, because reports from Scotland and Wales show a big difference between what people say they do and actual observed behaviour. A certain amount of that is anecdotal, but 56% seems to be a low figure.

Last week, Rory said that he asked retailers to give him figures on how many reusable bags they were selling. That information is starting to come in. Unfortunately, it did not come in on time for us to get papers to the Committee in advance. We have information with us today that we can share, or send to the Committee, or both. We have limited evidence from four retailers that operate across Northern Ireland. We can get into the detail of that later. Suffice to say at the moment that the data confirms a massive increase in the sale of reusable bags, much beyond what we forecast.

We are concerned that, if we do not extend the levy, those bags will continue to be available at more or less the same price as single-use bags, and there is a real danger that they will become a throwaway bag. We think that there are signs that that already happens in a small way but will increase.

The Chairperson: Thanks very much indeed for coming back. We had a number of the retail groups with us — the consortium and the association — and they are saying to scrap it. They also say that the timescale is very tight, particularly over Christmas. They have to change their IT systems and do staff training. Is it possible to delay it a bit rather than starting phase 2 in April 2014? What is your response to that?

Mr Starritt: We talked a little about this last week, and retailers had mentioned that they felt that they needed eight months. We are not in a position to confirm or deny that. Obviously the retailers will have their reasons for saying that. In terms of delaying it, we are content to bring that back to the Minister. I am not in a position to comment on the implementation date, but I am happy to bring that back to the Minister.

Mr Weir: To pick up on the Chair's point, I am a little bit concerned. Last week, we heard from the Northern Ireland Retail Consortium, and from Asda, one of the main retailers. There is reference in the document that concern was expressed at the stakeholder event about the implementation time, yet at the end of that bit there is simply a line that says that no significant issues have been raised in recent months about phase 2 implementation time pressures. That seems to be a contradiction. For one thing, there would, at least, be a level of nervousness if phase 2 was going ahead on that basis. If a number of folk raise substantive concerns about the implementation, those should be taken seriously.

I have a certain amount of sympathy for what is being attempted. However, I hear contradictory evidence on low-cost reusables. On the one hand, I understand the logic that you will tend to treat a low-cost reusable much more akin to a single-use bag than a bag for life. That slightly defeats the purpose, and I understand that. I can see logic in that. The other bit of evidence to the contrary is that, if you go after the low-cost reusable bags, people may not be prepared, quite frankly, to take the leap and pay for a 30p bag for life, or whatever it happens to be, and will shell out for the plastic bag, rather than pay 7p or 8p for a reusable bag that they might use just a few times. Maybe this is a very unusual situation, because, unlike some other jurisdictions where a levy was put that covered the single-use bag and the low-cost reusable bag in one jump, we are in the odd situation where, because of the way that it has worked out, phase 2 is, effectively, singly focused in on consumer behaviour on the low-cost reusable bags.

I have heard two contradictory indications of what the effect on consumer behaviour will be and, obviously, consumer behaviour is vital to the environmental impact, which is the main aim. I agree that it is a slightly spurious point about the fundraising. You are right about that side of it. What concerns me is that I do not know, in practice, which way consumer behaviour will go and where the balance will lie. I am not aware that conclusive evidence has been produced one way or the other on that specific change. Should some research or trialling be done to show how that would work out in practice before we take that leap? I would like the changes that we are making to be based on evidence rather than simply, as with a lot of this, anecdotal or a hunch or based on what has happened in the wider context of an overall charge. I wonder if you would care to answer that.

Mr Simon Webb (Department of the Environment): In relation to the consumer response to a change in the price of the reusable bag, I will take a few seconds to define the term. When we use the term "a bag for life" in a lot of the figure work that we have with us today, that is typically a bag that retailers offer for around 10p or 15p. It is a bag for life in the sense that the retailer will replace that bag, at no charge to the consumer, when it is worn out. Therefore, in that sense, a bag for life has an initial upfront cost that we are seeking to elevate slightly to discourage new purchases of those bags — which, in themselves, negatively impact the environment — and instead divert customers to a cheaper alternative. Buying new single-use bags every time you shop is not a cheaper alternative to replacing your worn-out bags for free.

Mr Weir: This is where consumers will take a particular attitude to it, which is part of the rationale for the change. A lot of the various retail places have a 10p or an 8p bag — something which is pitched above the 5p bag. However, the problem is that a lot of people do not see those as bags for life; they see them as things that they may use three or four times and then use to tie up the rubbish. The concern has been expressed that you may knock those bags out of the market. You are probably going to have the 5p single-use bag, and then anything probably around 20p, in practical terms. The danger is that if the middle option, which is probably used a few times, is knocked out, a lot of folk will simply go for the 5p bag — there will be a sort of substitution downwards. To what extent is there evidence to prove or disprove that?

Mr Webb: There are limitations to generating evidence around that point. For example, if you were to survey shoppers and ask them how they would react, you cannot be sure that the answer that you get will actually be representative of how they would act in practice. We also have data from Scotland and Wales looking at carrier-bag behaviour there, and you have a copy of that report.

The Chairperson: Yes, it is really interesting.

Mr Webb: It is a very interesting report. There are quite a lot of important facts in there. One of the findings was that, although there were over 9,500 transactions observed, in only 0.07% of those cases did we find that shoppers brought back their bag for life to be replaced when it was worn out.

Mr Weir: That is all grand, but I am not altogether sure that that will be the case. With a cheaper bag, in a lot of cases, people will not buy a bag for 8p or 10p and try to get it replaced as a bag for life. They will simply use it for a few bits, bung it in the bin and then, perhaps, the next time they are getting their shopping, they will just get new ones rather than a replacement. With the best will in the world, I cannot imagine that too many people will buy a 10p bag and then, three months down the line, come for a replacement for their worn-out 10p bag. I am not sure that that is the way that people operate.

Mr Webb: Indeed, and the communication campaign would have to play an important role in encouraging active reuse. We want to see the retailers cooperating with the Department to encourage and promote awareness of the bag-for-life policy so that the two can go hand in hand so that you are

helping to steer people away from new purchases of the reusable bags and making them more aware of the availability of the bag for life. You will find that a lot of the public are simply not aware that they can replace those bags for free, and we might see that become a lot more commonplace. From the statistics that Donald mentioned from the four retailers that we have returns from on reusable bag numbers, we know that we are looking at an increase in sales of 600%, 700%, 800% and over 1,000% since the introduction of the single-use levy. So, there are massive increases. We know from Wales, where there was a full year's data, that reusable bag sales were up 130%. There are a lot of new reusable bags — bags for life — out in the system, and we want to see people reusing those. Millions of bags have been purchased since the single-use levy came in, and we want to see customers aware of the fact that they can replace those for free in a lot of the big stores, and price the low-cost reusable bags slightly higher to help to tilt the scales and direction of reuse and bag-for-life replacement.

Mr Starritt: The point is that there is obviously a massive volume of these bags out there now, and they seem to be continuing to go out there. The objective is that, by placing a higher economic value on that, people will possibly think twice before they buy that bag, and will certainly be more likely to reuse it. We feel that people will be.

Mr Weir: I can see a certain logic to that, but it is a certain logical supposition rather than an evidential basis. My gut feeling is that the reason why numbers of reusable bags have gone up and up is that a lot of people are not treating them as reusable, or they are treating them as somewhere between a semi-permanent bag and a single bag. They are using them for a few occasions, and then they are throwing them out, and that is why the numbers are going up. There is a big message to get out there about the bag for life, because I think that people do not think of a bag for life as being something that they will have for a long period, rather than as the one purchase that they can keep, for want of a better word, cashing in on every so often once it has worn out. People make an assumption that a bag for life is something of a high quality that they can take back week after week, and they do not necessarily think of the replacement side of it. You mentioned the research in Scotland and Wales that showed that, out of more or less 10,000 transactions, only seven were exchanged. People who get a bag for life do not think of it as being replaceable after that.

The Chairperson: I agree that there needs to be an information campaign about this, but I can assure you, Peter, that I have brought a bag back to the supermarket. I put the shopping bag too close to the kettle or something, and I melted part of it. I thought "Oh dear, it is brand new", and I was definitely not going to throw it away. I brought it back, and it was exchanged with no questions asked.

Mr Weir: Chair, the issue is whether you would have felt the same compunction if — I am assuming that it was a reasonably good bag for life?

The Chairperson: It cost 10p or something. I cannot remember.

Mr Weir: I will not assume a correlation.

The Chairperson: I will not name the supermarket, but the bag was a blue and white one.

Mr McElduff: Chair, did you quote your capacity as Chair of the Environment Committee?

The Chairperson: No, I was an ordinary shopper.

Mr Elliott: Thanks for the presentation. How did you arrive at a price of 20p?

Mr Webb: We initially proposed a 40p threshold to draw a clear distinction between the cheap, single-use bags and the higher-quality bags, but that was just a starting point to initiate a consultation with stakeholders. Through consultation with the stakeholders —

Mr Elliott: You were never serious about the 40p?

Mr Webb: Well, no, I mean there was a —

Mr Elliott: Because the Minister was here one day and he was very serious about it, I felt.

Mr Webb: That would have been more on par with the price threshold in the Republic, which, at 70 cents, is at the higher end. The figure-work that we received back from retailers is supportive of the 20p threshold. The bags that have seen an increase in consumption, sustained through to the end of September, have been the cheap bags under 20p.

Mr Elliott: You do not think there is any need to go that extra bit to the 40p, then. Was it basically the retailers who influenced this?

Mr Webb: There is not a huge amount of statistical data on reusable bags and bags for life, so, to some extent, we had to rely on the evidence that we could get from the retail sector. To that extent, the information would back the 20p threshold, but there is a commitment to review, and that is one aspect that could be revisited.

Mr Starritt: Correct me if I am wrong, Simon, but the fact that we have 5p rather than 10p and a threshold of 40p rather than 20p, the two travel hand in hand. We felt that by keeping the levy at 5p, the threshold did not need to be as high at 40p. Is that fair?

Mr Webb: Yes, that is quite right. It is about drawing a clear distinction between the 5p single-use bags and communicating to the public that a bag that costs a good bit more than 5p is a good-quality, reusable bag. If low-quality reusable bags are affected by this, and consumers do not wish to purchase them because they do not feel that they are getting value for money, the market will take effect.

Mr Elliott: Do we foresee a problem of bags that are still not of great quality but for which we will be charged 21p?

Mr Webb: No, in that case, the market would take effect. Consumers would not be willing to pay in excess of 20p for a low-quality carrier bag.

Mr Elliott: Although I am not advocating it by any means, have you thought since about banning single-use bags?

Mr Webb: The European Commission has considered an outright ban. Donald, am I right in saying that that has been ruled out at this stage in favour of more price-driven options?

Mr Starritt: I think so at the moment, although it could not yet be ruled out.

Ms Jennifer McCay (Department of the Environment): I do not think that a final decision has been taken, but it certainly has not been approved.

Mr Webb: To get an economically optimum solution, having a price in place for a product should deliver a more efficient overall result because you are still giving the shopper the opportunity to make a decision as to whether they still wish to have a bag. Sometimes bags are necessary in certain circumstances, but the levy ensures that the social cost of that bag is being picked up and put back into —

Mr Elliott: I am not advocating it, but I am interested in the discussion. Just because Europe is not doing it does not mean that member states cannot do it. If you are going to charge for what we would term reusable bags, has any consideration been given to banning non-reusable bags or single-use bags?

Mr Starritt: We have not considered that at this stage. If we were to consider that, we would be required, under the European technical standards directive, to notify Europe of certain economic measures, and this is one of them. We already had to notify Europe about the single-use carrier bag levy and, in due course, of the extension. Were we to go towards a ban, that would completely change the nature of the charge, so we would need to go back to Europe. I suspect that we would have quite a bit of questioning to go through, because a ban is looked on as being a restraint on trade. That is not to say that it could not be done, but there would be quite a number of questions to be answered.

The Chairperson: The Northern Ireland Local Government Association (NILGA) and the Northern Ireland Environment Link (NIEL) both suggested making all plastic bags biodegradable. Might Europe be looking at that at some stage?

Mr Starritt: Again, it would change the nature of this charge, because, effectively, that would mean a ban on bags that are non-biodegradable. You would then have to define what biodegradable means, because, in theory, everything is biodegradable; it is just that some things take hundreds of years to biodegrade.

The Chairperson: About 2000 years.

Mr Starritt: So, we would be getting into a definition of biodegradable. Again, that could be looked at, and it is something that we need to keep an eye on when we come to review policy. At this stage, we do not think that it is the way to go.

The Chairperson: To follow on from Tom's point about the 20p threshold, have you looked at the types of bags that cost more than 20p? Are those the hessian bags or are they still plastic bags?

Mr Webb: Yes. Generally, if you are paying more than 20p, that will be for the likes of cotton bags, hessian bags and the fold-away type of plastic bags that fold up into a purse. Typically, they will be made of denser material, whereas a lot of bags for life cost 6p, 10p or 15p.

The Chairperson: OK. They are just heavier plastic bags.

Ms McCay: There is quite a noticeable difference in the quality when the price is above 20p.

Mr Boylan: Thank you very much for the presentation. A lot of the questions that I was going to ask have been answered. You responded to some questions about how we can facilitate retailers in adapting to the charge, but I am more on the other side of it, which is how we can relate to the consumer. That is a battle that we have. I am sure that you would get short shrift if you were to stop someone in the street and tell them that, just after the introduction of a plastic bag levy, there is another levy coming on reusable bags. Members have mentioned the need for an evidence base. I know that you have taken evidence from other areas such as Scotland and Wales, but I think that we need to do a small body of work ourselves on the effect on the consumer. Have we done any of that? When you go live with this, you will receive short shrift as far as people's attitudes are concerned. That is my view from talking to people on the ground about it. Have you any intention of carrying out such work?

Mr Webb: On engagement with consumers, we will be looking at running a communication campaign in the run-up to the introduction of phase 2, primarily focusing on encouraging consumers to reuse their bags and really driving that message home. At the end of the day, they can effectively avoid the 5p levy on reusable bags if they reuse the bags and replace them for free when they are worn out. So, it does not have to hit the consumer in the pocket if they comply with the policy. We have numbers from the retailers showing the numbers of reusable bags being bought by consumers, and, as I said, there has been a dramatic increase in percentage terms. From the figures given by retailers, we are looking at an increase of 800% in the numbers of reusable bags being purchased brand new, and, of course, each reusable bag that is bought new has a bigger impact on the environment than a single-use bag. Only through frequent reuse do those bags offset the single-use bags that would have been used and would have had a greater impact. As with phase 1, it is a case of having a communication campaign with in-store posters, which will be free to retailers, to convey that message and explain that we have added 5p onto the cheap reusable bags and to encourage shoppers to reuse them to avoid paying that levy.

Mr Boylan: Is that right across the industry? Does it include small retailers?

Mr Webb: The figures that we have cover four retailers. I do not have the names associated with those retailers; they are simply shown as retailers 1 to 4, and we are happy to share the evidence with the Committee today. The types of stores include chain stores that have smaller shops within those chains. However, we anticipate that the second phase of the levy will typically be of greater relevance to the bigger retailers, as they tend to sell those types of bags in larger numbers than the smaller retailers.

Mr Boylan: Like Peter, I have concerns. I know that people have bought 6p and 10p bags, which will probably be discarded. Are you working with the industry to try to encourage it to bring in a proper quality bag? I know that it may be difficult to do, but it would encourage people to buy a proper bag. Although the Chair said that she believes that she got a good quality bag for 10p, it was not steam-proof or whatever. *[Laughter.]*

The Chairperson: It was beside the kettle, which was too hot.

Mr Boylan: You have to be serious about trying to get the public to buy into that.

Mr Webb: The 6p bags that you refer to tend to be not as durable or reusable in the long term in comparison with the bag for life. We suggest that the increase in the price — adding 5p on to the bags — will ensure that the market will work, and consumers will only be willing to pay that little bit extra for a bag that is good quality and reusable. Therefore, the increase in the cost of the bag will drive that process for us. If consumers feel that the 6p or the 7p bags are of sufficient quality, and they are now willing to pay 11p or 12p, those bags will continue to be supplied. Technically, all bags are reusable. We are happy for single-use bags, 6p reusable bags and 15p reusable bags to be reused. The point is that this policy is designed to encourage people to reuse all of those bags as frequently as possible.

Ms McCay: In order to qualify a bag as a bag for life, thickness specifications will be retained in the regulations. Therefore, the very-poor-quality bags will not qualify in the same way that they do not qualify as reusable bags. The thickness of the bag and other specifications will be included.

Mr Webb: That will allow those bags to be exempt when they are being replaced for free. They will qualify as a bag for life in the requirements of the legislation, and that allows the retailer to replace them for free when they are worn out.

Ms Brown: Thank you for your attendance. The more we talk about this, the more confusing it is. If we cannot get to grips with it round the table, what hope has the public got? I am concerned that, if phase 2 comes in too quickly, it might get people's backs up. They may think that it was bad enough that they were being charged for bags and they were trying to reuse them, but now they will be confused because they are being charged more. The information coming with those bags will have to be really good and very specific to get the right message across. In my opinion, I think that it would be reasonable to delay bringing in the second phase.

I want some clarity on the reusable bags, because I am very confused. There are bags for life that are replaceable. Which bags are they? Are they all the bags? Is it the 10p bag, the 38p bag, the 50p or the bag at £1? Are they all replaceable? Was that initiative brought in by the retailers?

Mr Starritt: The bag for life initiative is completely retailer driven. Typically, it tends to be the lower-cost bags, which can range from 6p to 20p. A number of retailers, mostly the larger retailers, offer the bag for life. In other words, they will replace that bag when it is worn out. Other stores offer bags in that category, but they are not bags for life, and, basically, you must keep buying them.

The other thing that I would say is that we have a communication challenge, but it is a slightly different experience this time around. The first time around, we were introducing a charge on a product that had previously been free. People were coming up to the tills, lifting bags and finding that the handful of bags in their hand was now costing 30p. That was a major communication challenge. Not every store sells low-cost reusable bags, though certainly the grocery stores will. What will be happening there is that people will see an increase in the price of that bag. I also suspect they will see a notice beside the stand that holds those bags, explaining that the rise in price is not due to the retailer but to a government decision. That directs flak away from the retailer and towards the Department. The challenge is for our communication campaign to explain why we are doing that.

Retailers may look at it differently, but I suggest that it does not present such a challenge at the tills for the retailers. Certainly, there is a challenge for them in changing their systems and training their staff. There definitely is. However, I think that the greater challenge is for the Department to communicate why this is being done.

Ms Brown: Thank you for that clarity. The more we talk about reusable bags being replaceable, the more it sounds as though it is a departmental initiative, which it is not. Therefore, we need the help of

the retailers to get that message over to the consumer. When I am shopping, if I do not have a reusable bag, I would rather buy a bag at 38p or 50p or even at £1, which I know will be a bag for life. Actually, it is probably not a bag for life, because it can be damaged and holed, but it is not replaceable. It seems strange that you can buy a bag at 10p, which you know that you are only going to use three or four times, if you are being good. It is tatty and messy; you do not want to use it, you want to throw it out. So it is a bigger challenge to get out the message that that 10p bag is one that you can bring back and have replaced for nothing, as opposed to a bag for which you have paid 30p, 50p or £1 and, in doing so, you feel that you are being more responsible towards the environment by buying the better bag.

Mr Starritt: It is counter-intuitive. I understand that.

Ms Brown: It is a hard enough message to get over.

Mr Webb: A lot of the bags for life have on them, written in very small print, "Bring me back and replace me for free". However, unless you are looking for that, you will be unlikely to spot it. Therefore, we want to emphasise that.

Ms Brown: It is good that retailers are offering this. However, I do not think that it is very logical. Do you know what I mean? It does not strike you immediately that this is a bag that I can take back when it is done and have it replaced for free. It does not strike you as common sense when there are so many better bags available.

Mr Webb: Indeed. And we get into the whole territory of carbon footprint, etc. If you have one of those more durable bags at £1, and it is made of cotton or hessian, you may need to reuse it perhaps 100 or 200 times. And that is fine. A lot of the people who go to the effort of buying those bags reuse them that number of times. Equally, with the bags for life, if they are used until they are worn out and then replaced, rather than the customer constantly buying a new supply, that will give a better overall environmental outcome.

Let me just add that, in Wales, where they brought in the single-use bag levy in October 2011, with a 5p minimum charge, their study on reusable bags showed that nearly one third of the benefit that they generated through reduced single-use bags was lost due to increased reusable bags. That is to do with the raw materials that are being used to produce them. So, it is really a big area where we can get another win, in addition to the single-use levy.

Mr Starritt: I will just add to that. Simon mentioned Wales. We face other communication challenges. When we worked on the single-use bags, we did it on the back of charging being introduced in Wales. There had been a fair bit of public awareness about that. There was also the charge in Ireland. That applies to reusable bags, although it is not immediately obvious that it does. I think that I mentioned last week that we were not aware of any of the other jurisdictions going in this direction. We have become aware that others are looking at it. They are looking at the Northern Ireland experience and at what is happening in their stores. We may have more information on that fairly soon, which I will share with the Committee.

Mr I McCrea: Some members referred to the challenges in this. I am one of those people who will be a challenge to you, because I think that it is a load of nonsense.

Lord Morrow: Is that what you think when you go shopping, Ian?

Mr I McCrea: What — that shopping is nonsense? We will not go there. I get text messages before I get home in the evening that are the same as probably all men get. *[Laughter.]*

Mr Weir: No, it is just you. *[Laughter.]*

Mr I McCrea: Nonetheless, I do not believe that there is a need for this stage two. I think that the work has been done. When this was introduced, I could see the bags along the side of the road in nearly every hedge that I drove past. I am not seeing that to the same degree now, so, to me, there are benefits. Although I was not overly happy with the 5p levy in the first place, I can see the benefits. I think that it is more important to continue to drive that message home and to get the benefits of that levy. If it is the case that it is not working, another alternative should be looked at. I do not believe that we are at that point yet.

I think that people have changed their views about single-use carrier bags, but I do not believe that they will buy the notion whatsoever that this is an environmental issue. I think that people will see it as a further government tax. You have a challenge to try to change my opinion of it, and I assure you that that is a big challenge. Although even the bags for life are technically reusable, they are usable only for people's rubbish. You get more in them. That is what I see when I visit people's houses; that is what they are being used for.

Mr Starritt: Those are all valid points. When we looked at this at the outset, we felt that we needed to go to low-cost reusable bags. We probably would have done it in one fell swoop if we could, but the legislation would not allow us, which is why we are here today. However, we identified the reason why we needed to do it. So, I will summarise briefly the scenario if we do not do it. People will do their grocery shopping and come up to the till, and if they do not have their own bags with them, they have a choice of the 5p single-use bag or possibly a 6p reusable bag that is stronger, that will hold more and that usually looks better than the single-use bag. To my mind, and in analysing it, we felt at that stage that that was the bag that those people were going to choose. Also, as they do not have bags with them in the first place, they are much less likely to reuse the bags that they purchase. Our concern was that, as people start to become more used to the idea of a charge on bags and become used to the fact that it is only 5p, over time, those low-cost reusable bags will become the bags that are littering the countryside. Not to the same extent, by any means, but —

Mr I McCrea: Is it not the case that, when you go to the till and have a choice of a 5p single-use bag or a 6p bag for life, if that is what you wish to call it, you are just missing out on a bit of money going back into the Department on the 6p bag? That is what people are saying. If they are getting a 6p bag and there is no levy on it, surely a reason why people would generally go for it is because they can reuse it if they wish. I have not bought in whatsoever to this whole thing.

Mr Webb: You mentioned the litter, for example. That is one of the visible symptoms of excessive carrier bag use here. Yes, we can see a dramatic visual improvement, but litter is only a tiny proportion of the actual environmental impact. The biggest impact is not immediately visible. That comes from the carbon dioxide emissions through the production, transportation and disposal of bags. It is the air and water pollution that are caused and the chemicals and raw materials that are used in making them. So, millions of extra reusable bags are now being produced, which is having a significant environmental impact, but we cannot necessarily see that in our streets or hedgerows.

You are quite right: we need to continue to build on the success of the phase 1 levy. The communication campaign for phase 2 will tie in with that concept. We would say that people should reuse any of their bags — single-use bags, reusable bags or bags for life. Whatever they are, they should be reused to help to reinforce the success of phase 1. Putting the 5p levy on reusable bags will get the message back into the public's consciousness, and they will think, "I have to remember to bring my bags". That will hopefully help to build further on the success of phase 1.

The Chairperson: It is essential that there is that differential between single-use bags and reusable bags —

Mr Webb: Yes. It is in the public psyche.

The Chairperson: — and that people do not use them as a substitute for single-use bags.

Mr Webb: You are quite right: people are using a lot of those bags as bin liners, because they are nice and thick and durable. You can pop one in the bin and throw your rubbish in.

The Chairperson: They are too big. I have tried — at least, I have looked at doing that.

Mr Webb: That means, of course, that that bag ultimately ends up in landfill, and we do not want it to end up there until it has been worn out and cannot be reused.

Lord Morrow: How many years does it take to wear it out?

Mr Webb: It depends on how often you go shopping.

Chair, may I share with the Committee some of the information that we have from the retailers?

The Chairperson: Yes.

Mr Webb: There is information on the back and front of these bar charts, which I am passing round.

The Chairperson: Who are these from?

Mr Webb: They are from four retailers that recently supplied information to the carrier bag levy team. As I mentioned, they are not actually identified by name. They gave information to the team anonymously.

Mr I McCrea: Has it been verified?

Mr Webb: I will send the team out.

As I say, you will see that the increase in all the cases is quite significant. Figure 1 shows the numbers for a combination of two retailers that provide bags for life. You can get those bags for under 20p and replace them for free when they are worn out.

Figure 2 shows the numbers for the other retailers that have cheap reusable bags that are caught by the 5p levy. Those bags are reusable, but they are not bags for life. Again, you can see a massive increase in the numbers, and that is continuing to rise in quarter 3 of this year.

Figure 3 shows a similar sort of pattern, although the numbers are dropping down again in that case. However, you will notice that those are the more expensive reusable bags that we talked about, as they cost 75p, £1 or £2, which would not necessarily be hit by the charge.

The Chairperson: Very good. It shows that it is working.

Mr Webb: We obviously appreciate the retailers supplying that information. We appreciate their time and help in supplying that information to the carrier bag levy team at short notice.

Mr A Maginness: Thank you for your evidence. I suppose that I share the confusion of some colleagues around the table and the confusion that is perhaps in the public mind as well. What is required is an information or educational programme to inform the public about exactly what the Department has in mind and what this is really for. As I understand it, single-use bags were a fantastic success, and you got rid of them, by and large. However, we are now into the reusable bag phase, and this is a problem that has to be addressed. I share the Chair's experience of going to the local supermarket, which I do frequently, and a very charming young lady at the cash desk once told me that my bag was torn and that she could replace it. She replaced it for me, and I thought, "This is very nice indeed. She is just taking pity on this poor male shopper".

Lord Morrow: This novice shopper. *[Laughter.]*

Mr A Maginness: I had no idea that the retail policy was to replace those reusable bags once they had reached a point where they were no longer useful. That is just my ignorance, and I have to share that with you, but there may be other unfortunate consumers like myself — men in particular — who do not understand that system. So, there is a very real need for the Department to get that across. I do not think that the title "bags for life" really expresses the intention behind the bag. Perhaps calling it "replaceable on a continual basis" or something like that would be better. That raises another point. What happens if the retailer decides that they have had enough and they are not going to replace the bags? You are into a problem there, are you not?

Mr Webb: The retailers have opted to introduce the policies through their own measures. The policies have probably been in place over quite a number of years, but they may not be widely understood, and the public may not be widely aware of this option. It is in the interests of the retailer to promote their environmental status and to continue to offer, rather than to withdraw, that sort of arrangement. That is because the direction of travel here is obviously towards lower bag numbers and maximum environmental gain. So, I do not think that it would be in a retailer's interests.

Mr A Maginness: Although it is within their gift?

Mr Webb: It is within their gift, and it always has been.

Mr A Maginness: It is not a statutory duty or anything like that.

Mr Webb: No, you are quite right, but, obviously, the legislation will give them the flexibility to continue to do that.

Ms McCay: The legislation gives them the power to continue the scheme if they wish, but, ultimately, it is the retailer's decision.

Mr Webb: Even if retailers collectively decided to withdraw the bag-for-life-type replaceable bag policy, we would already have succeeded in bringing down the number of new purchases. By having that higher price, we would ensure that any future purchases were kept to a minimum.

Mr A Maginness: I have one last point on the timing of all this. I think that you have to consider the psychological impact on the public. The public will look at it and say, "There is another interference by government in our ordinary, daily life", and so forth. There will always be a suspicion that it is really a revenue-raising matter rather than an environmental policy being implemented. I think that phasing it is extremely important. I urge you to consider that and perhaps not to rush it.

Mr Boylan: We could always give out the Chair's or the Minister's home address if you are looking for somebody to blame. *[Laughter.]*

The Chairperson: I have just one last question. I remember from last week that the retailers talked about wanting more involvement in the decision on how to spend the money that is raised through the extra levy. Do you have any thoughts on how the money that you gather will be spent rather than used just to fill the hole in the departmental budget?

Mr Starritt: The same point was made to us at the stakeholder session on 20 September. One of the difficulties is that, at the moment, the Department has to spend any money that is brought in in the current year. For that to be done, some sort of estimate will have to be done of what the full receipts for this year will be. In other words, we will have to anticipate receipts. I do not think that there will be time to do a consultation in this current year, but that does not mean that we cannot work with retailers in subsequent years. I certainly understand retailers' concerns, but realistically, I do not think that it will be an option in this current year.

The Chairperson: As you know, in the Welsh system, they use the money for additional projects to promote the environment, and that is on top of the Government's current spending on that. It is given to the voluntary sector to set up projects. However, as Alban says, the public can very easily see this as a levy or tax.

Mr Starritt: The Welsh legislation, as it stands, leaves the decision on how the money is spent to retailers' discretion. I think that this would require subordinate legislation, but there are powers for the Welsh Assembly to bring in regulations that would determine — I hesitate to use the word "dictate" — how the money should be used.

The Chairperson: I am sure that it would not be a very good move to do that after it had been set up that the money would go to the voluntary sector for environmental projects outside of Government.

Mr Starritt: Those powers are obviously discretionary, so the Welsh may or may not use them.

Mr Webb: We had to get Treasury approval to retain within the Northern Ireland Budget the receipts from locally generated revenue. As part of that, we needed to assure Treasury that those funds would be used for additional new projects. Treasury has approved the money on that basis. It is fair to say that there will be significant coverage when the funding is allocated. So, the public will see the money going back into communities at ground level and making a real environmental difference.

The Chairperson: Our understanding is that DFP took money off you and that the money that you gain from the levy will be used just for statutory spending in the Department.

Mr Webb: I know from the recent savings delivery exercise that the Department sees the money generated from the levy as a distinct pot of money. The Department is addressing the other shortfalls through its own internal efficiency measures rather than, as you suggest, using this money to plug that hole.

The Chairperson: OK.

Mr A Maginness: I just want to clarify that. The Chair's point that this money is additional is important. If DFP takes the money away from the Department of the Environment and says, "You can spend that money whatever way you want, but we are taking x amount away", surely it is not additional.

Mr Webb: It is all about how the money is spent. The money will be identified to go into projects that would not have had funding otherwise. The Department has effectively broken the link between the £4 million budget reduction and the levy money so that that money can go to new projects that would not have gone ahead without the levy.

The Chairperson: No one explained that to us.

Mr A Maginness: I am rather suspicious of that sleight of hand. *[Laughter.]*

Mr Webb: You would have to speak to our finance division about this issue. However, the £4 million shortfall in the budget is being handled through other savings measures.

The Chairperson: Through monitoring rounds that have not been successful.

Mr Webb: Indeed.

Mr Weir: On a broader level and with the best will in the world, there will be a certain level of spin and sleight of hand with any model. We are holding up the Welsh model as the example. The Welsh may allocate the money that is raised directly to voluntary projects. I do not know what the position is in Wales. However, you may find that the Welsh equivalent of DFP also tells Departments, "That money is ring-fenced, but, by the way, we are introducing a 3% efficiency cut across all Departments." So, sometimes it is a question of the precise terminology that is used, and impressions can be given. At the end of the day, there is a certain amount of money coming in and a certain amount of money going out with particular projects. I would not get too —

Mr Webb: There is also an additional economic benefit locally to be gained. By applying a government levy, which is different from a minimum retailer charge, as is it is in Wales, we would not lose a significant amount of VAT from the local economy to Treasury. Wales would lose that VAT, because its measure is not classed as a government levy. So, there are benefits to the approach that is being taken here.

Mr Boylan: It is always good to end on a negative note. *[Laughter.]*

The Chairperson: Thank you very much indeed. You have certainly clarified a lot for us. Will we see you again next week?

Mr Starritt: Yes. Thank you.