

Plastic Bag Levy/Tax

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1 Project what the costs would be to the Rates Collection Agency if they had to collect a Plastic Bag Levy?

The *Rates Collection Agency* and the *Valuation and Lands Agency* are now called *Land & Property Services (LPS)*¹ It does not appear that they would be in a position to collect VAT receipts for plastic bags.

IMPLEMENTATION, ADMINISTRATION AND ENFORCEMENT IN RoI²

Implementation: Responsibility for collecting the levy rests with the *Office of the Revenue Commissioners* (the RoI equivalent of the Inland Revenue), which receives an agency fee for so doing. Collection of the levy has been integrated into the VAT collection systems. Retailers must submit a return to the Revenue Commissioners, and then authorise the Revenue Commissioners to debit the amount payable from their account. The major UK department stores in RoI were initially reluctant to implement the levy, because their centrally controlled accounting systems would need to be adapted; some stores bypassed the issue by going over exclusively to paper bags.

Administration: Start-up costs incurred by the Revenue Commissioners are estimated to have amounted to €1.56 million by December 2002. Money raised from the levy was used to offset these costs. Annual administrative costs for the levy amounted to €350,000 in 2003; a sum of €12.7m was collected in respect of the levy in the same year.

Costs of collecting plastic bag levy in Republic of Ireland:

Money raised from the levy is ring fenced to the Environment Fund controlled by the *Minister for the Environment, Heritage and Local Government*. This fund is also used to support waste management, litter and other environmental initiatives as well as offsetting the costs incurred through the administration on the levy.

Uses of the Fund:

The *Waste Management (Environment Fund) (Prescribed Payments) Regulations 2003* enabled the Environment Fund to be spent on:

¹ <http://www.lpsni.gov.uk/splash.htm/>

² <http://www.scottish.parliament.uk/business/research/briefings-05/SB05-53.pdf>

- Protection of environment and/or sustainable development undertaken in Ireland or on an international or transnational basis.
- Initiatives for the prevention, reduction, recovery, recycling or reuse of waste.
- Meeting national mandatory and voluntary contributions to national and international organisations concerned with the protection of the environment and/or sustainable development.

2 Projections on how much income a 15pence per bag levy would generate?

In 2008, The Chancellor Alistair Darling³ estimates that a 90% reduction in plastic bags would lead to 12bn fewer plastic bags in circulation in the UK, there is currently c13bn plastic bags in circulation in the UK⁴.

The UK figure of 13bn can be sliced in several ways to give an estimate for NI. For example, NI could be considered in terms of population, number of households, family spending or overall waste generation as a share of the UK. Using such examples, estimates of the number of plastic bags in circulation in NI would be:

- **Based on population**⁵. In mid-2006, the population of the UK was estimated to be 60.6m, of which NI accounted for 1.7m (3%). All other factors being equal, NI (as 3% of the UK population) could be responsible for 3% of the UK's plastic bags: 390m plastic bags.
- **Based on households**⁶. In 2006, the number of households in the UK was estimated to be 24.8m, of which NI accounted for 640k (2.6%). All other factors being equal, NI (as 2.6% of UK households) could be responsible for 2.6% of the UK's plastic bags: 338m plastic bags.
- **Based on family spending**⁷. In 2006, households in NI spent more than the UK average on a basket of products likely to involve use of a plastic bag (food and non-alcoholic drinks, alcoholic drinks, clothing and footwear, household goods and services, and recreation and culture), spending £180 per week, or 106% of the UK average of £170. All other factors being equal, NI households could be responsible for more plastic bags than the 338m calculated based on number of households, given higher spending on products likely to involve use of plastic bags. On that basis, NI households could be responsible for 358m plastic bags.
- **Based on waste generation rates**⁸. In 2006, households in NI generated the most waste per household of all UK regions, at 26kg of waste per household

³ http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/budget/budget_08/bud_bud08_speech.cfm

⁴ Author's calculation. This figure agrees with the answer given by the NI Minister of the Environment to Mr. Jim Wells in the Assembly on 10th December 2007 in answer to question AQW 2471/08

⁵ <http://www.statistics.gov.uk/CCI/nugget.asp?ID=6>

⁶ http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/Family_Spending2007_web.pdf

⁷ http://www.statistics.gov.uk/downloads/theme_social/Family_Spending_2006/Family_Spending2007_web.pdf

⁸ http://www.statistics.gov.uk/downloads/theme_compendia/Regional_Trends_40/RT40_Chapters_3_to_13.pdf

per week, compared with 23kg in England, 24kg in Scotland and 23kg in Wales. All other factors being equal, NI households could be responsible for more plastic bags than the 338m calculated based on the number of households, given higher levels of waste generation. On that basis, NI households could be responsible for 376m plastic bags.

In summary, given the Chancellor's stated total of 13bn plastic bags in circulation in the UK, and making calculations based on published figures for population, number of households, family spending rates and waste generation rates, the number of plastic bags in circulation in NI could range between 338m and 390m

On the basis of a plastic bag levy reducing the number of bags used by 90%, the income generated per annum from a bag levy of 15p would be between £5,070,000 (a 90% reduction of 338m bags leaves 33.8m at 15p per bag) and £5,850,000 (a 90% reduction of 390m bags leaves 39m at 15p per bag)

3 Costs and Impacts of moving to a paper bag regime?

COMPARISON OF PLASTIC AND PAPER BAGS⁹

Both paper and plastic bags are sourced from primary natural resources, trees and oil respectively, and so both have an environmental impact before they are manufactured, used or disposed of. There have been attempts to appraise the impact of one against the other, but both have a negative impact on the environment, albeit in different ways. However, it has been suggested, by Friends of the Earth, that 'unlike plastic, paper is one of the easiest wastes to recycle and less likely to end up dumped in landfills'.

The key features of the different types of bags are outlined below¹⁰:

Bag type	Features	Average cost per 1000 (£)	Average weight per 1000 (kg)	Relative bag storage volume	Recycling
Lightweight plastic carrier	Light, strong, durable, effective when wet	7.47	8.4	1	Yes Not all stores have facilities
'Bag for life'	Light, strong, durable, effective when wet	60.88	47.4	4	Actively encouraged
Fully degradable plastic bag	Light, strong, durable, effective when wet	6 to 8	6.5	1	Degradable under right conditions Problem if contaminate conventional plastic recycling
Paper, no handles	Convenient	50	51	8	Kerbside collection
Paper, with handles	More appealing to customers	220	124	10	Kerbside collection Problem if mixed materials

⁹ AEA Technology (2005b) *Proposed Plastic Bag Levy – Extended Impact Assessment Final Report Volume 1: Main Report* Edinburgh Scottish Executive Available at: <http://www.scotland.gov.uk/Publications/2005/08/1993154/31553>

¹⁰ <http://www.scottish.parliament.uk/business/research/briefings-05/SB05-52.pdf>

Non-woven polypropylene	Durable, strong, effective when wet	333.33	138.7	20	No
Woven polypropylene	Durable, strong, effective when wet	433.33	226	20	No

4 Any possible side effects of introducing a plastic bag levy?

The *Environmental Levy on Plastic Bags (Scotland) Bill 2005* did **not become law**.

The Scottish Parliament research briefing mentions some of the potential side effects on consumers and industry.

Impact on the Retail Sector¹¹:

The Scottish Retail Consortium (SRC) (2004) suggest that **small-to-medium enterprises** are less able to tolerate higher levels of theft, less able to finance or investigate alternative packaging and less able to absorb additional costs of servicing customers. The AEAT report (2005b p37) highlights that for small retailers the levy may represent a greater burden as they may not have computerised systems.

Impact on Consumers:

The Policy Memorandum¹² (2005, p14) acknowledges that:

- “the levy could affect those on a low income slightly more than it does other groups, (...) depending on the choices made this may or may not necessarily be a financial impact, (...) this could mean they are inconvenienced more than other groups, for example they are unlikely to have access to their own transport and therefore will require a suitable means to carry their purchases home.”

This potential impact of the levy is also acknowledged by GEM (George E. Morris & Co. Packaging Company) in their response to Mike Pringle’s MSP Consultation:

- “The levy would be nothing less than a stealth tax, targeting those on low incomes who need carrier bags to get their shopping home on public transport.”(GEM 2004)

Impact on Plastic Bag Industry:

There are numerous plastic bags producers and suppliers in Northern Ireland. An introduction of a plastic bag levy may have an adverse affect on their business.

¹¹ <http://www.scotland.gov.uk/Publications/2005/08/1993154/31553>

¹² <http://www.scotland.gov.uk/Publications/2005/08/1993154/31553>