



## Plastic bag tax

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Following the launch of a tax on polythene carrier bags in Ireland in March 2002, there has been speculation that a similar levy might be introduced in this country – though the Government has stated on several occasions that it has “no plans” to do this.<sup>1</sup> This note looks first at the Irish experience before examining the debate there has been in the UK.

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### A. A tax on plastic bags: the Irish experience

On 4 March 2002 the introduction of a new tax by the Irish Government on plastic bags was reported by the BBC as follows:

Shoppers in the Republic of Ireland are to be taxed on their use of plastic bags from Monday. A government order will force all outlets to charge their customers nine pence (15 cent) for each bag they use. It is estimated that about one billion bags are handed out each year, and the tax could raise 180m euro. The country's Environment Minister Noel Dempsey has led the government's attempt to reduce the visibility of plastic waste. The objective is to have customers at every shop, and every outlet to use the same bags over and over again. He said the levy was expected to "dramatically reduce the nuisance" and "our insatiable use of free plastic bags".

The move is being made on environmental grounds in an attempt to end the sight of windblown, discarded bags that often litter the Irish countryside. Feargal Quinn of the chainstore Superquinn said the move was aimed at encouraging people to re-use their plastic bags. "The objective of the minister in this is not an environmental one only, it is a litter one so it isn't enough to say we will get biodegradable plastic bags or we'll get paper bags because they will cause litter as well," he said. "The objective is to have customers at every shop, and every outlet to use the same bags over and over again. That saves the economy money it saves the environment and it solves the litter problem."

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<sup>1</sup> For example, HC Deb 7 November 2005 c 93W

The cash raised will go towards schemes aimed at improving the Irish environment nationwide. Tesco Ireland, one of the country's main supermarket chains, said it welcomed the government initiative. On Saturday, a spokesman said the company currently handed out 220m bags to customers in Ireland each year. Their estimate was that the number would be reduced by at least 40% in the first year. Tesco Ireland's environmental manager, Jim Dwyer said: "Customers are telling us they broadly welcome the introduction of the levy. "We have seen a marked change in customers' behaviour in anticipation of the new levy, reflected in the significant increase in sales of our re-usable bags."

Information about the "plastax" has been relayed to the public through a TV advertising and billboard campaign. The Irish Revenue Commissioners, who will be responsible for the collection of the revenue from retailers, issued separate information details outlining the obligations of shops and stores. However, certain type of plastic bags will be excluded from the levy. These include re-usable shopping bags which are sold for 70 cents or more, bags used to contain fresh meat, fish or poultry, bags used for loose fruit and vegetables and other foods that are not otherwise packaged.<sup>2</sup>

Details of the scope of the tax, the arrangements for its collection and its expected yield were given in a written answer, published in the Dáil's Official Report in February 2002:

**46. Mr. J. O'Keeffe asked the Minister for the Environment and Local Government the arrangements in place to raise the new 15 cent tax on plastic bags; the expected proceeds from the new tax; and the uses to which these proceeds will be put.**

**Minister for the Environment and Local Government (Mr. Dempsey):** The 15 cent levy on plastic bags, as provided for in the Waste Management (Environmental Levy) (Plastic Bag) Regulations, 2001, which is due to take effect on Monday 4 March, will apply to all plastic bags supplied to customers at the point of sale to them of goods or products to be placed in the bags in any shop, supermarket, service station or other sales outlet. There is an exemption for bags used for non-packaged fresh food products, fish, meat, poultry, fruit and vegetables, etc. The dimensions of these bags must not exceed 225mm in width exclusive of any gussets, by 345mm in depth inclusive of any gussets, by 450mm in length inclusive of any handles. Plastic bags designed for reuse and which are sold to customers for a sum of not less than 70 cent are also exempt as are bags provided to departing passengers in ports or airports, and on board ships or aircraft. The levy will not apply to plastic primary packaging, in the form of bags or otherwise, containing goods or products, regardless of size or contents.

The Revenue Commissioners are the responsible authority for enforcing the collection of the levy. In addition, the regulations impose a supplementary

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<sup>2</sup> "Shoppers face plastic bag tax", *BBC News internet site*, 4 March 2002  
<http://news.bbc.co.uk/1/hi/world/europe/1853305.stm>

requirement on retailers to pass on the full amount of the levy to customers, and this regulatory provision will be enforced by local authorities. The relevant enforcement officers will have extensive powers to enter any retail premises, to conduct any searches or investigations considered necessary, and to inspect or remove any records, books and documents for the purposes of any proceedings in relation to the levy. I am satisfied that the Revenue Commissioners and the local authorities will have the necessary powers – equivalent to those available in respect of the implementation and enforcement of relevant taxation and other waste management measures – to ensure that the levy can be successfully applied and that any efforts to evade liability can be detected.

It is conservatively estimated that some 1.2 billion plastic shopping bags are provided free of charge to customers in Ireland each year. However, the primary purpose of the levy is not to generate revenue – it is to change consumer behaviour and achieve a significant reduction in the consumption of plastic bags dispensed at retail outlets. Accordingly, it is not possible to estimate at this stage what funds will be generated by the levy. The proceeds from the levy, together with the proposed levy on land filling, will accrue to a dedicated environment fund. Proceeds from the environment fund may be used to support a wide range of waste management, litter and other environmental initiatives as set out in section 74(9) of the Waste Management Act, 1996, as inserted by section 12 of the Waste Management (Amendment) Act, 2001.<sup>3</sup>

The Government's motives in introducing the tax were elucidated in a written answer given in June (*emphasis added*):

**98. Mr. Sargent asked the Minister for Finance if he has assessed the various benefits of hypothecated taxes in view of the successful implementation of the plastic bag tax.**

**Minister for Finance (Mr. McCreevy):** Several arguments have been advanced in favour of hypothecated taxes – that they provide a clearer mechanism for public preference to be brought to the political process than the current method of general fund financing. It has also been suggested as a way of bringing more transparency and direct accountability to the setting of public expenditure priorities. The assumption is therefore that if a tax is earmarked for a certain activity then that particular area will merit more attention and that this will create the perception that the public are getting a more effective economic or social outcome than would be the case under a general allocation mechanism.

Earmarked taxes, however, tend to be an inefficient long-term use of resources. Once established, they tend to determine particular levels and direction of public expenditure and generate spending in particular areas whether it is useful or desirable. The existence of an earmarked tax would tend to generate a minimum level of expenditure. This expenditure tends to generate constituencies which support this form of spending making it more difficult to abolish such taxes or divert the revenue

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<sup>3</sup> Dáil Éireann Vol 550 28 February 2002 Written Answers Question No.[6679/02]. The debates of both Houses of the Irish Parliament are searchable at: <http://www.oireachtas-debates.gov.ie/>

to the general fund of expenditure. In general I believe the argument favours the current method of the allocation of tax revenues according to the expenditure requirements set by Government. I would not support the view that there should be strong earmarking, where the level of expenditure on the public service is determined by the level of hypothecated tax revenue.

*As regards the plastic bag levy, the intention of the levy was to facilitate a change in consumer behaviour and reduce and hopefully eliminate the use of plastic shopping bags in the State thereby reducing the number of plastic bags that end up as litter. The levy was also intended to encourage the use of reusable bags. The decision to use a 15 cent levy to encourage voluntary compliance with the policy of reducing and eventually removing the plastic shopping bag was considered more appropriate than an outright ban on plastic shopping bags which would be difficult to enforce and might not gain public acceptance. However, the extent of actual revenue raised was a secondary consideration and in time with the removal of the plastic shopping bag from use in the retail trade, there should be no long-term revenue from this source. I do not think that this is what supporters of hypothecated taxes have in mind.*<sup>4</sup>

Further details on the levy's operation are published by the Irish tax authorities.<sup>5</sup> A longer piece on the Irish experience from the *Independent* is attached as an appendix to this note.<sup>6</sup> The limited amount of press coverage on the tax appears to be positive, although the focus has been on the change in consumer behaviour brought about by the tax (a sharp decline in the number of bags distributed by supermarkets) rather than the potential receipts accruing to the Exchequer. It seems reasonable to question whether, over the long run, the administrative costs to both the revenue authorities and retailers of charging the tax might outweigh the environmental benefits.

In addition, other changes in consumer behaviour might be thought to mitigate the tax's benefits: say, shoppers using bin liners instead of plastic bags, but not re-using them. The article in the *Independent*, reproduced below, notes that the tax does not tackle the problem of littering with heavy duty plastic sacks used on farms; the possibility of extending the tax to this category of bag was raised in two written questions in October 2002:

**217. Mr. Allen asked the Minister for the Environment and Local Government if he is considering the provision of a tax on heavy duty plastic sacks similar to the retail plastic bag tax; and if he will make a statement on the matter. 270. Mr. Allen asked the Minister for the Environment and Local Government the size of plastic bag which is charged 15 cent by regulation from his Department; his plans to extend this regulation to cover industrial plastic bags; if so, the charge and size of such industrial bag; and if he will make a statement on the matter.**

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<sup>4</sup> Dáil Éireann Vol 553 25 June 2002 Written Answers Question No.[14510/02]

<sup>5</sup> Irish Revenue, *Retailers Guide to the Environmental Levy on Plastic Bags*, February 2002. This is available at: [http://www.revenue.ie/leaflets/elevy\\_in.pdf](http://www.revenue.ie/leaflets/elevy_in.pdf)

<sup>6</sup> "The bag issue", *Independent*, 4 September 2002

**Minister for the Environment and Local Government (Mr. Cullen):** I propose to take Questions Nos. 217 and 270 together.

The 15 cent levy on plastic bags, as provided for in the Waste Management (Environmental Levy) (Plastic Bag) Regulations 2001, applies to all plastic bags supplied to customers at the point of sale to them of goods or products to be placed in the bags in any shop, supermarket, service station or other sales outlet. There is an exemption for bags used for non-packaged fresh food products – fish, meat, poultry, fruit and vegetables etc. The dimensions of these bags must not exceed 225mm in width – exclusive of any gussets – by 345mm in depth – inclusive of any gussets – by 450mm in length – inclusive of any handles. Plastic bags designed for re-use and which are sold to customers for a sum of not less than 70 cent are also exempt as are bags provided to departing passengers in ports or airports, and on board ships or aircraft. The levy does not apply to plastic primary packaging, in the form of bags or otherwise, containing goods or products, regardless of size or contents.

Over and above the levy on plastic bags, necessary measures are required to ensure that systems are set up for the return and-or collection of used packaging, and for the reuse or recovery – including recycling – of the packaging waste collected, to assist in meeting packaging waste recovery and recycling targets. In accordance with the principle of producer responsibility, initiatives already operate in Ireland in the areas of packaging waste and farm plastics waste, Repak in the case of packaging waste and Irish Farm Films Producers Group in the case of farm plastics, for example, silage wrap. In these cases, producers are required to take steps to recover waste or alternatively to contribute to, and participate in, compliance schemes set up to recover the waste in question. An Agreed Programme for Government states that consideration will be given to the extension of the levy on plastic bags to other areas such as non-reusable packaging. While my Department is actively considering the issues involved, final decisions have not yet been taken on the items which should be targeted as a priority in this regard.<sup>7</sup>

A year after its introduction the Irish Government summarised the effects of the tax in a press notice, part of which is reproduced below:

Minister for the Environment and Local Government, Mr. Martin Cullen TD, today ... marked the first anniversary of the introduction of the Plastic Bag Levy. "The environmental levy on plastic bags, which was introduced this time last year, has had a dramatic impact on our consumption of plastic bags and on the problem of visual litter" Minister Cullen said. "This initiative won the widespread support of the public and caught the imagination of people in many countries around the world. Quite apart from the immediate objective of cutting down our consumption of disposable plastic bags, it has been very effective in raising awareness of waste management issues and the part each one of us can play in reducing the amount of waste we produce."

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<sup>7</sup> Dáil Éireann Vol 555 10 October 2002 Question No.[17592/02] & [17657/02]

Total receipts from the Plastic Bag Levy to date, in respect of its operation in 2002, amounted to €9.6million. Taking into account start-up and ongoing administrative costs, total net receipts from the Plastic Bag Levy amounted to €8m. The levy is expected to bring in around €11million in a full year. These proceeds go to the Environment Fund to support waste management and other environmental initiatives. Most retailers report a reduction of over 90% in the consumption of disposable plastic bags since the levy's introduction.

In thanking the public and the retail sector for their support in implementing the levy, the Minister also asked the public to report non-compliance of the levy regulations to their local authority. "While most retailers are applying the levy correctly, it is clear that a small number are continuing to ignore or misapply the provisions of the regulations which impose the levy. We do not want to let the thoughtlessness of a minority to undermine the efforts and goodwill of the majority ... Any retailer who fails to impose the levy is doing a disservice to consumers who have been very supportive of this initiative."<sup>8</sup>

## **B. Debate on introducing a plastic bag tax in the UK**

Following the introduction of the plastic bag tax in Ireland, there has been some support for a similar initiative in the UK. In September 2002 Mark Lazarowicz put down an EDM proposing a tax "to encourage greater re-use and recycling of plastic bags" which attracted 74 signatures.<sup>9</sup> Lynne Jones put down a second EDM in January 2003 suggesting that "a tax policy is the best way of reducing the 26 billion disposable carrier bags used in the UK per year" and that the Government should "implement a carrier bag tax based on the success of the Irish experience as soon as possible"; the motion received 57 signatures.<sup>10</sup> In response a number of carrier bag suppliers in the UK established a lobby group to oppose the introduction of a tax.<sup>11</sup>

During summer 2002 there was some press speculation that the Government had been considering this reform, and that the initiative was strongly supported by Michael Meacher, the then environment minister – as the *Financial Times* reported in May that year:

Shoppers may be taxed on the plastic bags they use, under plans being considered by the government. Michael Meacher, the environment minister, is to examine the success of the scheme introduced in the Irish Republic in March before committing the government to its own tax, according to the Department for the Environment, Food and Rural Affairs. "Mr Meacher thinks it is a good idea but there is no timetable to introduce it. The Irish scheme must be assessed first," it said. Under the Irish scheme, aimed at cutting litter and waste disposal problems, shoppers who were previously given free plastic bags now pay the equivalent of 9p for each one. Early

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<sup>8</sup> The Department for the Environment, Heritage and Local Government press notice, *Cullen marks first Anniversary of Plastic Bag Levy*, 4 March 2003

<sup>9</sup> EDM 1730 of 2001-02 "Plastic shopping bag tax" 24 September 2002

<sup>10</sup> EDM 593 of 2002-03 "Carrier bag tax" 28 January 2003

<sup>11</sup> <http://www.carrierbagtax.com/>

signs are that the scheme is working. Some shoppers have protested that the move is merely another unwelcome tax, but the numbers of bags being taken from shops has dropped dramatically. With British shoppers using 8bn bags a year, the tax could raise £800m a year if the tax were fixed at 10p a bag. However, retailers have reacted cautiously to the idea. Although they could pass on the costs of the bags, they would find themselves in the role of unofficial tax-collector.

The British Retail Consortium said it was not hostile in principle to the possible new tax. However, a full UK environmental assessment would be needed first to establish the benefits. Paper bags were not necessarily more environmentally friendly, said the consortium. Safeway, the supermarket chain, said: "Retailers are already taxed on carrier bags in the UK in the form of a packaging levy on the weight of plastic bags supplied. This money goes towards UK recycling activities. If a tax were imposed it would be a double tax." It is unclear whether the Government would exempt biodegradable plastic bags from the tax. The Department said although these were "a step in the right direction" they could still cause litter problems. Earlier this year, Margot Wallstrom, European Union environment commissioner, said more favourable tax treatment for biodegradable plastic would be "consistent with the spirit of community environmental policy". Michael Laurier, chief executive of Symphony Environmental, a manufacturer of biodegradable plastics, said the bags had been used successfully in municipal composting schemes. However, there was no tax incentive for retailers or consumers to use degradable alternatives.<sup>12</sup>

In answer to a PQ in October that year the Government stated it "currently has no plans to introduce a plastic bag tax."<sup>13</sup> In November the Prime Minister's Strategy Unit published a report on waste management noting the use of the tax, but suggesting it would have a very small impact on reducing waste:

To date there have been few incentives for re-use in the UK, and the packaging regulations exclude re-used materials. In other countries, there are a variety of incentives for re-use including, for example, taxes on single-use items such as batteries and the recently implemented plastic bag tax in Ireland. The plastic bag tax has in terms of raising awareness and reducing litter. Plastic bags are, however, a very small part of the municipal waste stream (substantially less than 1%).<sup>14</sup>

The *Pre-Budget Report* was also published at this time; although this contained a number of measures to improve waste management – including a substantial increase in the rate of the landfill tax over the medium to long term<sup>15</sup> – no mention was made of a plastic bag tax,<sup>16</sup> and

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<sup>12</sup> "Minister considers tax on plastic shopping bags", *Financial Times*, May 21 2002. see also, "Tax reduces plastic bag total by 90%", *Independent*, 21 August 2002; "Meacher to press for 10p tax on plastic bags", *Daily Telegraph*, 26 August 2002

<sup>13</sup> HC Deb 22 October 2002 c 212W

<sup>14</sup> Cabinet Office Strategy Unit, *Waste not, want not: a strategy for tackling the waste problem in England*, November 2002 p 65. Available at: <http://www.strategy.gov.uk/downloads/su/waste/report/index.html>

<sup>15</sup> For details see "Landfill tax: recent developments", Library standard note SN/BT/1963, 6 May 2003.

<sup>16</sup> Cm 5664 November 2002 pp 139-141

subsequent PQs in 2003 reiterated that the Government had 'no plans' to introduce a tax.<sup>17</sup> In May 2004 the then Economic Secretary, John Healey, confirmed that the Treasury had undertaken an assessment of the Irish tax, though it had concluded that as it would have a very limited impact on the general problem of waste, it should not be pursued:

**John Mann:** To ask the Chancellor of the Exchequer what assessment he has made of the merits of a tax on disposable plastic carrier bags. [175934]

**John Healey:** The Government currently have no plans to introduce a tax on plastic bags. In the UK plastic bags comprise less than 1 per cent. of the waste stream. Hence a tax on plastic bags, on its own, would be unlikely to have any significant impacts on volumes of waste. Further, the Government have a range of measures in place to tackle the problem of waste, including the landfill tax which goes some way to maintaining the principle that the polluter pays by internalising the cost of the damage to the environment caused by landfill and encouraging recycling. An assessment of the Irish tax on plastic bags has been completed and I have placed a copy in the Library of the House.<sup>18</sup>

The Treasury's assessment had been completed in December 2002; it gives some background on the introduction of the tax in Ireland and similar initiatives elsewhere, as well as separate policies to deal with waste; the paper also summaries the reaction there had been in this country to the Irish experiment:

8. There was considerable media interest in the Irish scheme that in turn stimulated interest amongst organised and disparate groups within the UK:

- Consumers - According to a BBC News survey carried out on shoppers in Belfast, mixed views exist on the potential introduction of a plastic bag levy in the UK. A number supported any potential levy and viewed it as a useful tool for reducing waste. However, some members of the public stated that they used the bags for collecting their household waste and that they would not be in favour of the introduction of charges.
- Food Retailers - Supermarket chains have publicly provided a wary response to the potential introduction of a tax, saying their own bag recycling schemes are doing the job. Sainsbury's, for example have estimated that their 'Bag for Life' campaign has led to a 64 million reduction in the numbers of new plastic bags supplied to consumers. A representative from Tesco has commented that additional regulation, particularly in the taxation field may be unpopular with consumers as well as commenting that it would be bad for business, and that it could have unforeseen and unintended consequences'. Safeway considers that retailers are already being taxed on carrier bags in the form of the UK packaging regulations, and that any additional taxation imposed on them (should the UK choose to impose the levy upon retailers

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<sup>17</sup> HC Deb 8 January 2003 c 239W; HC Deb 11 November 2003 c 168W

<sup>18</sup> HC Deb 27 May 2004 cc 1726-7W



and not consumers) would be viewed as a double tax. However, the annual cost to retailers of giving away 8 billion bags is estimated to be in the order of £1 bn, and therefore the introduction of a tax discouraging their use by consumers is likely to result in significant savings to the retail industry.

- Non-food. Retailers - Department stores and clothes and shoe chains feel that their interests have not featured in the debate. While their usage of plastic bags is less, it is still significant and their bags tend to be of a higher quality than the bags used by food retailers. The other main difference is that their customers did not necessarily go out to buy something from their store so would not come prepared (e.g. by bringing a store plastic bag). Those stores that have turned to paper bags have had a significant increase in their transport costs (including fuel usage), because of the greater bulk.
- Industry Associations - The British Plastics Federation along with the Packaging and Industrial Films Association have argued that the introduction of a levy on plastic bags would result in 'insignificant' environmental improvements due to the fact that plastics manufacture requires significantly less energy than for other materials, such as paper.
- Bio-degradable Plastic Bag Manufacturers - These manufacturers believe their products are more environmentally sound and this fact should be reflected in any new policy.<sup>19</sup>

The issue was the subject of a short debate in the Lords in October 2004; an extract is given below:

**Lord Dubs asked Her Majesty's Government:** What plans they have to levy a tax on plastic bags; and in which other European Union countries there is already such a tax.

**Lord Davies of Oldham:** My Lords, I understand that the Republic of Ireland has a plastic bags levy and that Denmark's tax on packaging has a special rate for plastic bags. My right honourable friend the Chancellor of the Exchequer keeps all taxes under review. The Government have no plans to introduce a tax on plastic bags.

**Lord Dubs:** My Lords, that is a very disappointing Answer ... Does my noble friend agree that the proposal to tax plastic bags would be good for the planet, good for wildlife and good for the Chancellor? ...

**Lord Davies of Oldham:** My Lords, I am enormously grateful to my noble friend for those comments. Let me emphasise the fact that although the tax in Ireland has reduced, as my noble friend indicated, the usage of certain plastic bags, paper bag usage has increased significantly and more robust plastic bags, which are outside the

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<sup>19</sup> HM Treasury, *Plastic bag tax assessment*, December 2002 pp 4-5 [Dep 04/1203] (Deposited in Commons Library in June 2004)

tax, are used more extensively. Although we need to tackle every aspect of waste—that goes without saying—plastic bags comprise only 1 per cent of our waste. Therefore, the efficacy of a tax in dealing with the broader issues would be quite limited ...

**Lord Puttnam:** My Lords, perhaps it would help my noble friend to know that in Ireland, where I live, it is not just a question of plastic bags constituting one per cent of waste; the ban has literally transformed the rural and urban landscape. I would have hoped that that would be an additional consideration. Secondly, heavier quality plastic bags, which are real shopping bags, cost one euro and invariably the money goes to charity. I cannot help but think that the Government could look across the Irish Sea and follow what is a very good environmental example.

**Lord Davies of Oldham:** My Lords, of course the Government are always eager to learn from successful developments elsewhere. I merely sought to indicate the limited success of the Irish experiment. I bear in mind entirely the advantages indicated by my noble friend, who is in a position to attest to them. But we must look at the issue in the context of the totality of waste. I understand the noble Lord's point about thicker bags having the advantage of being chargeable and resources going to charity, but in due course those bags become waste and present problems, too.<sup>20</sup>

Subsequently the Government has simply confirmed that it has “no plans to introduce a plastic bags tax.”<sup>21</sup>

More recently there has been debate in Scotland about the merits of a plastic bag tax. In June 2005 Mike Pringle MSP introduced a Members Bill to introduce a 10p levy on plastic bags (but not paper ones), to be administered by local authorities. At present the Environment and Rural Development Committee is preparing a report on the Bill (‘Stage 1 scrutiny’ as it is known), as to whether the Scottish Parliament should agree to the Bill’s general principles. Details of the Committee’s work and material on the Bill itself are collated on the Scottish Parliament’s internet site.<sup>22</sup>

As part of this debate the Scottish Executive commissioned a report on the likely impacts of a levy this summer.<sup>23</sup> This work also considered what the effects might be if the levy extended to paper bags, and if charities and small & medium enterprises (SMEs) were exempt – though it did not make a judgement on whether, on balance, a levy should be introduced. A short extract from the report’s conclusion is given below:

In each of the areas considered - environment, consumers, business, waste and local authorities - there would therefore be a complicated set of effects, but in summary:

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<sup>20</sup> HL Deb 26 October 2004 cc 1163-5

<sup>21</sup> HC Deb 7 November 2005 c 93W

<sup>22</sup> <http://www.scottish.parliament.uk/business/committees/environment/inquiries/pb/env-pb-home.htm>

<sup>23</sup> Scottish Executive, *Proposed Plastic Bag Levy - Extended Impact Assessment: Volume 1: Main Report*, 29 August 2005. This is available at: <http://www.scotland.gov.uk/Resource/Doc/57346/0016899.pdf>

**Environmental impacts** were assessed by examining how the levy would change eight environmental indicators. Our analysis suggests that there would be environmental benefits in some indicators, depending on what consumers decide to use in place of plastic bags e.g. not using a bag at all or using a different type of bag e.g. paper bags or bags for life. The environmental benefits are greater if paper bags are included in the levy. A sensitivity analysis was used to test how the results change under different assumptions. This shows that levy scenarios that increase use of paper bags, are more sensitive to key assumptions than levy scenarios that do not. Including SMEs in the levy accentuates the impacts. The environmental benefits are modest when compared to total environmental impacts from other activities in Scotland.

**Consumers** will pay the levy directly. Experience from Ireland shows that consumers switch to other forms of bags or reduce use of bags, reducing the financial impact on consumers. This leads to a wide range of estimated costs to the consumers, depending on assumptions. For the levy as proposed the estimated cost per consumer is £10.58 per year. If paper bags are included in the levy and SME outlets are excluded, this is estimated to fall to £2.50 per year. This compares to average household expenditure of £365 per week.

In terms of **waste**, plastic bags waste would reduce, but paper bags waste is expected to increase. It is estimated that the levy as proposed could increase waste by 5,409 tonnes pa, however this is equivalent to a 0.26% increase in total household waste. Including paper bags in the levy would reduce waste by about 4,993 tonnes pa, a 0.24% decrease.

The impacts on **business** vary from sector to sector. Food retailers are likely to see net benefits, through lower costs for the purchase of plastic bags. Non food retailers are likely to see costs increase as purchases of paper bags will increase. Manufacturers of plastic bags will see reductions in business with the potential loss of 300 to 700 direct jobs.

For **local authorities** there will be costs for the set up and on-going administration of the levy. In total these are estimated at £3-4 million and £3.5 million pa respectively. These costs will be offset by income from the levy estimated at £7.75 million pa. CoSLA [Convention of Scottish Local Authorities] has reservations about the potential costs, which they believe needs a full investigation.<sup>24</sup>

In a recent written answer the Parliamentary Under-Secretary at DEFRA, Ben Bradshaw, noted that the Government were “continuing to keep developments in Scotland and Ireland under review”:

**Mr. Rogerson:** To ask the Secretary of State for Environment, Food and Rural Affairs what assessment she has made of the merits of a plastic bag tax; and if she will make a statement. [20891]

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<sup>24</sup> *Proposed Plastic Bag Levy - Extended Impact Assessment: Research Summary 2005/06*, August 2005 p 6. This is published at: <http://www.scotland.gov.uk/Resource/Doc/57346/0016898.pdf>

**Mr. Bradshaw:** The Government recognize the benefits of reducing the number of plastic bags used, but does not consider that the case for a tax on plastic bags has been demonstrated conclusively. A recent Extended Impact Assessment carried out by the Scottish Executive on a proposal to introduce a levy on plastic carrier bags in Scotland concluded that there would be a broad environmental disbenefit if a levy was introduced on the lines proposed. We are continuing to keep developments in Scotland and Ireland under review.

The number of single-use plastic bags in circulation could be significantly reduced through reuse and recycling, so we have asked the Waste and Resources Action Programme (WRAP) to investigate the feasibility of a national Bag for Life scheme. This would encourage consumers to use strong, re-usable plastic bags in place of single-use bags. Life cycle analysis surveys suggest that re-using such bags between four and seven times would have significant environmental benefits when compared to alternatives such as plastic carrier bags, paper bags and biodegradable bags.

WRAP are currently trialling a national Bag for Life scheme in Bristol and Edinburgh, in association with supermarket retailers, the Scottish Executive, the British Retail Consortium and Scottish Waste Awareness. Approximately 35 to 40 supermarket outlets in each town will take part in these trials.<sup>25</sup>

WRAP has stated that this pilot 'Bag for Life' scheme will be completed in January 2006, "when the results and a further announcement are expected."<sup>26</sup>

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<sup>25</sup> HC Deb 31 October 2005 c 690W

<sup>26</sup> WRAP press notice, '*Choose to Reuse*' bag campaign extended due to consumer demand, 23 November 2005

## **Appendix: “The bag issue”, *Independent*, 4 September 2002**

While world leaders are gathered in Johannesburg to discuss the perilous state of the environment, one country has emerged as an unlikely champion of green groups around the globe. The country? Ireland. The reason? A simple initiative aimed at cutting the number of plastic shopping bags discarded each year by up to 95 per cent. Ed O'Loughlin reports

You may not know much about the Irish question; it's possible that you don't even care. Yet circumstances can change, and there are growing signs that a time will soon come when Britain can no longer ignore it. A time when people in every town and village across the United Kingdom will have to look into their hearts and answer for themselves the question: "Would you like a plastic bag with that?"

Well, would you? This is the question that Irish retailers have been legally obliged to pose their customers since 4 March this year, when the government introduced a 0.15 euro (about 10p) tax on most disposable plastic shopping bags. Intended to reduce the amount of waste polythene blowing around the increasingly non-pristine Irish countryside, the "environmental levy" has proved a runaway overnight success, reducing the number of plastic shopping bags in circulation by as much as 95 per cent. According to current figures and future projections, only about 66 million plastic shopping bags are likely to cross the counters of Ireland in the first 12 months of the new scheme – down from about 1.2 billion the previous year.

The first national waste levy of its kind, the Irish "bag tax" allows the pragmatic Irish prime minister, Bertie Ahern, to fly out to the environmental summit in Johannesburg this week as the unlikely champion of green groups across the planet. In South Africa, he and his new environment minister, Martin Cullen, are likely to have bumped into Tony Blair's environment minister, Michael Meacher, who hints that, in light of the Irish success, he is considering a similar tax at home. Canada, Australia and several European countries are also interested. Ireland, whose environmental record is otherwise mixed, is currently leading the world.

The concept of the levy is very simple. If you want a plastic shopping bag you now have to pay 15 cents for it. The money goes to the Department of the Environment, not the retailer. Plastic bags used for wrapping fresh foods, such as meat and fruit, are exempt. If you don't want to pay 15 cents for a disposable plastic bag, most supermarkets and grocers now give you the option of buying a sturdier, reusable plastic or cloth bag for (usually) one euro or more. Best of all, and increasingly popular, consumers are encouraged to bring their own bag and use that instead.

Despite fears that the 4 March changeover would lead to public confusion, not to mention rage, the government, retailers and most consumers report that the transition went remarkably smoothly. In adjusting to the sudden change its shopping habits, Ireland enjoyed one advantage Britain would lack. On 1 January this year, the Irish experienced an even greater overnight upheaval when their punt disappeared and was replaced by the euro. The reaction to that change has been overwhelmingly enthusiastic. Many people mention this parallel when talking about the new plastic-bag levy: "If we can cope with a whole new currency in our pockets," they say, "why should we worry about this?"

Eamonn Quinn, spokesman for the Superquinn supermarket chain, which has 19 stores across the country, confirms the trend. "By the end of the first week we were down to maybe 3 per cent use of plastic bags," he says. "People were very reluctant to pay the tax in the beginning. They carried things out of the store in their jumpers rather than pay a 15 cent tax. We also had people treating the 'take a basket' signs too literally and bringing shopping baskets outside to their cars. Some of them were

going missing. But there was a big publicity campaign and people saw it very much as a government initiative and not as a supermarket charge... Eventually, most people said, yes, it's the right thing to do. We just needed to be pushed into it." This is the essence of the scheme: for many people, the 15-cent cost of a plastic shopping bag is less important than the challenge to their conscience.

"It has changed the culture of Irish shopping," says Conn O'Midheach, a father of three from south Co Dublin. "Once upon a time, if you bought a bar of chocolate you'd get a plastic bag with it. People would be asked if they wanted a plastic bag and they'd say yes, because they had come to expect it as their due as part of the service. Now you are forced to think twice." Traditionally deeply critical of Ahern and his business-friendly Fianna Fail party, Ireland's small but rapidly growing Green Party says it is "very enthusiastic" about the new tax (which, it claims, it first proposed 10 years ago). "We think it's a good example of a green measure that's simple and effective," says its environmental spokesman, Ciaran Cuffe. "It has transformed things overnight. No longer are hedges festooned with empty plastic bags and no longer are we assailed with plastic bags every time we go to the supermarket. What's most important is that it creates a change of mindset. It makes us think about waste."

Revenue from the new tax is expected to reach about 10m euros in the first year, and the government has vowed that the money will be used solely for environmental purposes rather than being absorbed into the (rapidly shrinking) public finances. In principle, retailers must account for all the bags they use in a system based on the existing VAT regime. In practice, some businesses have already learnt how to cheat. "It seems that a lot of them are small retailers and they are charging the bags as something else on the customer receipts and then keeping the 15 cents for themselves," says Sean Dunne, a spokesman for the Department of the environment in Dublin. "But if people are going off with money from the levy, that is really a matter for the Revenue Commissioners. The money is only a sideline as far as we are concerned. Our main aim is to encourage people not to use unnecessary plastic bags and that would still be working even if the money doesn't come to us."

Even for the majority of honest retailers who do hand over the levy, the new regime has its benefits. By reducing the number of free plastic bags they have to hand out, the levy is reducing costs. "The kids would want a plastic bag with every little thing they'd buy and we used to resent the amount of bags we had to give them," says Eileen Doyle, who has just retired after 32 years running a small corner shop in the village of Kilcullen, Co Kildare. "I'm also involved in the Tidy Towns committee. From our point of view, it's made a big difference. You don't see bags lying around any more."

Even the Irish plastics industry, which worried about job losses before the scheme was introduced, has been largely silent. Some plastics executives even welcome the change. "People are now learning to respect plastic and discover what a wonderful material it is," says John Gore, of JL Gore, a Dublin company that sells materials and machinery for the manufacture of polythene bags and other products. "They are learning to pay one euro for a high-quality plastic bag and to reuse it. The mass recycling of consumer plastic is not economical. If you take the miserable weight of a few plastic bags and melt it down and reuse it, it's just not worth the cost. Recycling plastic is only economical if people themselves recycle by reusing the bags, as they now are." Gore says he's unaware of any negative effect on the Irish plastics industry from the new levy: "As far as I know, most of the cheap disposable bags were being imported. Most of the new reusable ones are being made here."

The strongest criticism so far has come from within the retail sector, which grumbles that the new regime makes things difficult for staff and customers and increases the burden of tax administration. Ireland's biggest supermarket chain, Dunnes Stores, this week declined to comment to The Independent. The only British high-street supermarket with a major presence in Ireland is Tesco, with

76 branches around the country. This week, its Dublin headquarters said it was "not engaging in this issue for internal reasons". Despite the evidence it has undoubtedly received from its Irish wing, Tesco's British headquarters seems to believe British consumers will not accept the change. "Tesco's has an excellent record on environmental issues but we don't believe that a convincing case has yet been made on environmental grounds for imposing this tax," says a spokesman. "Additional taxation is unpopular with customers and it can have unforeseen and unintended consequences."

But even those among the majority who support the tax admit it can have unwelcome side effects. One consumer, Conn O'Midheach, confesses to having "about 30" reusable plastic bags stuffed beneath the sink in his Co Dublin home. "The problem is if you have to go to the shops and realise you haven't brought your old bag with you. You end up shelling out for another reusable bag because you are too ashamed to buy one of the cheaper disposable ones, which you know you are only going to throw in the bin." Is that the only reason? "And because I don't want to look like a 'skanger' [Dublinese for lout]."

The plastic bag initiative is a success, but in most other respects Ireland's environmental record is far from exemplary. Discarded agricultural fertiliser bags pile up in hedge rows and in the illegal toxic dumps that litter the more secluded corners of Leinster, the island's economic and industrial heartland. Recycling of waste paper, glass and cans is still in its infancy in urban Ireland and in rural areas it seldom exists at all. If the Irish can warm to the reusable shopping bag, how attractive might a similar tax prove to Britons, with their neat countryside and comparative love of rules?

There are those in Ireland, however, who simply hate the whole new deal. "In my case, it doesn't cut down on my consumption of plastic at all," complains Nuala Doyle, a university administrator and mother of two. "I used to use the plastic bags from the supermarket as bin bags around the house. Now I am having to buy bin bags from the supermarket. We are using the same amount of plastic bags as we ever did, but now I'm having to pay for them." She is particularly angry about another side effect of the new scheme. While supermarkets feel obliged to make plastic bags available to customers at a price, many other Irish retailers – in particular department and clothing stores – have bypassed the issue by going over exclusively to paper bags. In Ireland this may not be such a good idea. "Two weeks ago, I was shopping in Dublin with my children," says Nuala Doyle, "and in the shop they put everything in paper bags – shoes and trousers and clothes, and some other smaller bags with make-up and other stuff for me – and one of these dreadful monsoon showers of rain came down. I was walking from Henry Street towards the Ha'penny Bridge and in the rain the bags just split and everything fell out on to the wet road on Liffey Street." She wishes things were back the way they used to be. "I am aware some people will be giving out to me about this, but let's face it: they are the same people who are telling me to compost my banana skins." Who'd have thought saving the world would be fraught with such difficulties?