



## **Northern Ireland Assembly – Call for Evidence on the Carrier Bags Bill**

### **Written Submission from NIIRTA (Northern Ireland Independent Retail Trade Association)**

#### **Supported by ACS (the Association of Convenience Stores)**

1. The Northern Ireland Independent Retail Trade Association has over 1,400 members from the independent retail and wholesale sector in Northern Ireland who generate in excess of £3 billion turnover every year and employ over 30,000 staff.
2. NIIRTA welcomes the opportunity to submit to the Committee as the legislation will have a direct impact on the majority of members, and consequently suppliers and those employed.
3. Northern Ireland is a small-business economy with 98% of all business classified as 'small'. The independent retail sector is the biggest sub-sector of that economy and plays a crucial role as the backbone of the private sector. Convenience stores' business models rely heavily on impulse shopping, making the availability and potential cost of carrier bags key to their businesses.
4. NIIRTA also responded to the 2011 consultation on proposals for a charge on single use carrier bags in Northern Ireland. We particularly opposed the concept of using the charge as a way for the Executive to collect additional revenue, and are disappointed that this has been the model adopted since the introduction of the charge in April. NIIRTA also opposes the extension of the carrier bag charge to bags for life and the increase of the charge to 10p from April next year. We believe that extending the charge to include bags for life is inconsistent with the principle of incentivising people to reduce their usage of single-use carrier bags.
5. Evidence has shown that retailers in Wales have been supportive of the carrier bag levy since it was introduced there in 2011. We believe that the Welsh Government's model of carrier bag charges directly benefiting charities is preferable to the Executive's model of using the levy purely as a revenue raiser, and welcome the Scottish Government's proposals to introduce a similar model to that found in Wales when it introduces a carrier bag levy in Scotland later this year.

6. It is disappointing that no exemptions for small businesses regarding reporting back the number of bags sold to the Executive have been proposed. We note the Scottish Government's announcement that smaller businesses will be exempt from the requirement to report centrally the numbers of bags sold in order to reduce administrative burdens for them.
7. We note Cathal Boylan MLA's contribution to the second reading of the Bill on 11 June 2013, when he raised concerns – concerns we share – from small retailers in his constituency that since the levy came into operation shoppers are only buying what they can carry without a bag. Given our members place much reliance on impulse shopping, this detrimental impact on trade is of much concern.
8. We also note the former Minister's acknowledgement of Mr Boylan's concern: *"I want to give confirmation about a number of points that he made. There was some indication from traders that there had been a reduction in impulse purchases because people would have to pay for a carrier bag if they were to purchase two, three or four items"*. However while we strongly dispute his claim that *"It seems to have gone away as an issue"*, we welcome his pledge that the Department will continue to monitor the issue, and hope that the current Minister will take action to ensure measures are taken to assist those retailers who have been negatively impacted by the levy.
9. Every attempt must be made by the Department to minimise the regulatory burden and bureaucracy on small traders as we believe this detracts from the day-to-day running of their business at a time when their resources are considerably stretched.
10. Please find overleaf NIIRTA's specific concerns relating to the Carrier Bags Bill:

### **Clause 1 – Extension of the 2008 Act to Carrier Bags**

NIIRTA strongly opposes the extension of the charge to include bags for life. It would be likely that this charge would force retailers to add a charge of 7-10 pence on top of the minimum charge, as the production costs of these bags are significant. If carrier bags were defined by their price, as proposed in Clause 6 of the Bill, there is a possibility that retailers might adjust the price of these bags in order to avoid the levy, which would be counterproductive.

The inclusion of bags for life under the carrier bag levy again demonstrates that its sole purpose is to raise revenue for the Northern Ireland Executive, and not as a method for reducing environmental harm. Once bags for life are implicated under the charge, customers will have less of an incentive to opt for and reuse these types of bag and will instead revert to a single use carrier bag, which would have a negative impact on the environment.

The term “carrier bag” as proposed in this amendment shows that there would also be scope to implicate other sorts of bags currently used by customers as a substitute for single-use carrier bags, such as canvas bags or other types of bags; this would unduly punish customers and would create further administrative burdens for businesses, in addition to highlighting that this levy only serves as a revenue raiser.

As for the suggestion that extending the levy to include bags for life to ensure that these bags are not oversold and only used once, evidence from Wales shows that the levy on single-use carrier bags in fact encourages customers to re-use bags for life:

*“The numbers of Welsh consumers that were observed to re-use bags for life for all types of shopping (44%) was double that of Scottish shoppers (21%). Welsh consumers were also more likely to be taking their re-used bags for life in non-food shops (18%) and at independent stores<sup>1</sup>”*

This trend might not occur in Northern Ireland if the levy included bags for life, as customers would be dissuaded to buy them in the first instance. Instead, further efforts should be made to communicate to customers how to renew their bag for life and to responsibly dispose of their worn out bag to avoid unintentional repercussions on the environment.

### **Clause 4 – Sellers**

We agree in principle with Clause 4; we believe that exempting businesses on the number of full-time employees has the potential effect of exempting some of our smaller retailers who will otherwise have a disproportionate burden on their businesses. However, we are concerned that, according to a recent research paper from the Environment Committee, the Department has no plans to use this power as the current policy states that the levy should apply to all sellers. We would urge the Minister and the Department to consider using this statutory power to offset some of the more burdensome elements on the Bill on our smallest retailers.

### **Clause 5 – Payment of the Charge**

We oppose the insertion of (2A)(b) regarding interest for late payment to the Executive; this proposal again emphasises the objective of the levy as a way to produce revenue for the Executive, and not to benefit the environment. Small businesses would be especially penalised should this interest payment be introduced, as they would be less able to absorb these costs than the larger supermarkets would be.

### **Clause 7 – Records and Enforcement, 7(2)**

Please refer to commentary of Clause 5 on interest charges.