

The background of the document is a photograph of a littered outdoor area. In the foreground and middle ground, there is a large amount of discarded plastic waste, including numerous clear, blue, and black plastic bags and pieces of plastic. The ground is a mix of dirt and sparse green grass. In the background, there is a low, light-colored brick wall. A semi-transparent teal rectangular box is overlaid on the left and center of the image, containing the title and author information.

Research Briefing **Carrier bag charges: frequently asked questions**

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Date: **August 2016**



National Assembly for Wales
Research Service

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

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Date: **August 2016**

Paper Number: **16-046**

Front Cover: **Image from Flickr by Zainub Razvi. Licensed under Creative Commons**

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Research Briefing

Carrier bag charges: frequently asked questions

On 1 October 2011 Wales became the first country in the UK to introduce a requirement to charge on most single-use carrier bags. This short research briefing aims to answer the most common questions that Members and their constituents may have regarding the carrier bag charges scheme.



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1. Introduction

On 1 October 2011 Wales became the first country in the UK to introduce a requirement to charge on most single-use carrier bags. All bags designed for single use are covered by the charges, whether they are made from plastic, paper, or plant based material such as starch. The charge would apply to mail order or online trading if the goods were delivered to Wales in a single use carrier bag. More information, aimed at both shoppers and retailers, is available on the Welsh Government's [Carrier Bag Charges Wales](#) website.

2. How much is the charge?

The minimum charge is 5p, though retailers may charge more if they like.

3. Who has to charge for bags?

The rules governing the charge do not include exemptions for any types of business. All people who sell goods in the course of trade or business are covered by the charges, including mail order or online trading, where the goods are sold in Wales, or to be delivered to an address in Wales.

4. When are bags exempt from the charges?

Broadly speaking, there are two classes of exemptions from the charges: **types of bags** and **types of items** that the bags are used for. These exemptions are listed at Schedule 1 to the **2010 Regulations**.

Types of bags that do not have to be charged for include, bags intended for re-use, such as “bags-for-life” and certain small plastic or paper bags without handles.

There are a number of **types of items** that bags used **solely** to carry them do not need to be charged for. These include unpackaged food, unpackaged blades, certain medical items and live aquatic creatures in water. Again, a full list is included at Schedule 1 to the Regulations.

5. What is the relevant legislation?

There are three important pieces of legislation that provided the Welsh Government with the power to introduce a single-use carrier bags charge, and one that has extended the Welsh Government's powers:

- **Climate Change Act 2008**: This Act confers powers on national authorities to introduce legislation charging for carrier bags;
- **Waste (Wales) Measure 2010**: This Measure gives Welsh Ministers the power to specify the destination of funds received from statutory charges for carrier bags;
- **The Single Use Carrier Bags Charge (Wales) Regulations 2010**: These are the regulations that introduced the statutory charges for carrier bags, and provide further details of the scheme's operation.

- **Environment (Wales) Act 2015:** This Act received Royal Assent on 21 March 2016 and extends Welsh Ministers’ powers so that they may in the future set a charge on other types of plastic bags, for example bags for life, if the evidence shows that the supply and disposal of these bags is also detrimental to the environment.

6. Where does the money go?

There were originally **no mandatory requirements** for what retailers did with the net proceeds from the carrier bag charges. Instead the Welsh Government published a voluntary agreement which encouraged retailers to donate their net proceeds to good causes and to follow a set of guiding principles when doing so.

However The *Environment (Wales) Act 2016* will now require retailers to donate their net proceeds from the sale of carrier bags to charitable purposes which relate to environmental protection or improvement and, which directly or indirectly benefit the whole or any part of Wales. . There is an exception for those retailers who have existing arrangements where they are donating their proceeds to non-environmental related good causes if they give notice that they intend to continue with these arrangements. Details of how and to whom the net proceeds must be donated and the circumstances in which the exception will apply, will be set out in forthcoming Regulations.

7. Do retailers have to tell anyone where the money goes?

All retailers who employ **ten or more people** have to keep a **detailed record of how many carrier bags they sell and what they do with the money**. These records must be made available to members of the public or the Welsh Government on request.

Where retailers are VAT registered and supply over a thousand single-use bags in a year they must publish these records, either on the internet or through in-store notices.

8. What are retailers doing with the money?

A number of the larger retailers have announced what they do with the net proceeds of the carrier bag charge. These include:

- **John Lewis:** the net proceeds go to **Keep Wales Tidy**;
- **Asda:** the net proceeds go to **local social enterprises**;
- **Tesco:** the net proceeds are currently donated to the **Groundwork Trust**;
- **Sainsburys:** : stores provide reusable rather than single-use bags. Profits from these bags go to local good causes selected by store colleagues and customers, as do the net proceeds from single-use bags used for online deliveries.
- **Marks and Spencer:** 4p from each 5p bag was initially sent to environmental charity **Groundwork**, but now is split with half going to **local charities**, and half to national charities such as **MacMillan Cancer Support, Breast Cancer Now and the Marine Conservation Society**.

9. Does the Welsh Government get any money from the scheme?

The enforcement scheme means that retailers who do not comply with the regulations **can be fined**. This money (the penalties range from £100 to £20,000) would go to the Welsh Consolidated Fund, meaning the Welsh Government will spend it on public services in Wales. **None of the 5p mandatory carrier bag charge goes to the Welsh Government.**

10. Does the UK Treasury get any money from the scheme?

Carrier bags charged for under the scheme are **eligible for VAT**. The UK Treasury will therefore receive money in the form of VAT for each carrier bag charged for by a VAT-registered business in Wales.

11. What is the cost to retailers for operating the scheme?

The Welsh Government estimated that the total cost to retailers throughout Wales would be in the region of £1 million for the initial set-up costs, followed by annual administration costs of £1 million.

Retailers are obliged to keep records detailing what they do with the proceeds of the bag charge. This includes a figure for the amount spent on “reasonable costs”: that is, costs incurred in order to comply with the legislation. The cost of buying bags wholesale is not a “reasonable cost”, as the Regulations do not require retailers to provide bags.

The Welsh Government has recently published its **Post Implementation Review of the Single Use Carrier Bag Charge** which estimated the total administrative cost of the charge to retailers in Wales was less than £180k per year.

12. Who enforces the scheme?

Local authority enforcement officers are responsible for enforcing the Regulations. However, the Regulations do not impose a duty on local authorities to actively monitor compliance with the Regulations, but do provide them with the power to enforce compliance where they judge it necessary.

The WLGA noted that, though local authorities were given the powers to enforce the new legislation, they did not receive any additional funding. As such, it has stated that there will be **no proactive enforcement** by local authorities. Instead, local authorities will react to and investigate complaints received. The approach is one of advice and assistance to help the trader comply with the requirements: enforcement is seen as a last resort.

13. Are similar schemes operating elsewhere?

Wales was the **first country in the UK** to implement a statutory charge for carrier bags, in 2011. Since then, Scotland, Northern Ireland and England have brought in similar approaches of charging shoppers 5p per carrier bag used, though in England this only applies to plastic carrier bags, and only

to businesses with over 250 employees. In Northern Ireland, this charge is paid to the Department of the Environment rather than given to charity as in Wales, Scotland and England.

In the Republic of Ireland, a levy known as PlasTax was applied in 2002 at €0.15 per bag, rising to €0.22 in 2007. Proceeds from this are added to an Environment Fund, spent on initiatives such as 'Green Schools', waste awareness campaigns and the operation costs of recycling facilities. This was the model most cited in the discussion during development of the Welsh charge.

14.Key sources

- HMRC, ***Revenue & Customs Brief 23/11 VAT: introduction of levy on 'single-use' carrier bags in Wales***, June 2011
- Welsh Government, ***Voluntary agreement: Guiding principles for the use of net proceeds of the Single Use Carrier Bags Charge (PDF 35KB)***, October 2010
- Welsh Government, ***Carrier Bag Charges Wales***, website