

# **ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE**

Wednesday 5 October 2005

Session 2

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## ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

25<sup>th</sup> Meeting 2005, Session 2

### CONVENER

\*Sarah Boyack (Edinburgh Central) (Lab)

### DEPUTY CONVENER

\*Mr Mark Ruskell (Mid Scotland and Fife) (Green)

### COMMITTEE MEMBERS

Mr Ted Brocklebank (Mid Scotland and Fife) (Con)

\*Rob Gibson (Highlands and Islands) (SNP)

\*Richard Lochhead (North East Scotland) (SNP)

\*Maureen Macmillan (Highlands and Islands) (Lab)

\*Mr Alasdair Morrison (Western Isles) (Lab)

\*Nora Radcliffe (Gordon) (LD)

Elaine Smith (Coatbridge and Chryston) (Lab)

### COMMITTEE SUBSTITUTES

\*Alex Fergusson (Galloway and Upper Nithsdale) (Con)

\*Trish Godman (West Renfrewshire) (Lab)

Jim Mather (Highlands and Islands) (SNP)

Jeremy Purvis (Tweeddale, Etrick and Lauderdale) (LD)

Eleanor Scott (Highlands and Islands) (Green)

\*attended

### THE FOLLOWING ALSO ATTENDED:

Mike Pringle (Edinburgh South) (LD)

### THE FOLLOWING GAVE EVIDENCE:

Dr Colin Clark (Highland Council)

Alan Forrest (B&Q plc)

Kathleen Fraser (Aberdeen City Council)

Donna Heaney (Scottish Consumer Council)

Lekha Klouda (Association of Charity Shops)

Nigel Smith (Scottish Retail Consortium)

Niall Stuart (Federation of Small Businesses)

Sarah Tew (Lidl UK)

Becky Toal (Co-operative Group Ltd)

Gilbert Wilson (Renfrewshire Council)

### CLERK TO THE COMMITTEE

Mark Brough

### SENIOR ASSISTANT CLERK

Katherine Wright

### ASSISTANT CLERK

Christine Lambourne

### LOCATION

Committee Room 2



## Scottish Parliament

### Environment and Rural Development Committee

*Wednesday 5 October 2005*

[THE CONVENER *opened the meeting at 10:22*]

### Item in Private

**The Convener (Sarah Boyack):** I welcome members, members of the public and people from the press to this meeting of the Environment and Rural Development Committee. I remind everyone in the room to set their mobile phone to silent—that would be helpful.

Apologies have been received from Ted Brocklebank and Elaine Smith, who cannot be with us. Alex Fergusson and Trish Godman are here as their substitutes. Each has notified me that they may not be here at the end of the meeting, but that depends on how long the meeting lasts.

Under agenda item 1, we will consider whether to take item 3, on the proposed Animal Health and Welfare (Scotland) Bill, in private. After discussion, the clerk and I do not think that a controversial issue is involved, as the item concerns our approach to the bill at stage 1. Do members therefore agree to take item 3 in public?

**Members** *indicated agreement.*

## Environmental Levy on Plastic Bags (Scotland) Bill: Stage 1

10:23

**The Convener:** Agenda item 2 is the second of our five planned evidence sessions at stage 1 of the Environmental Levy on Plastic Bags (Scotland) Bill, which Mike Pringle MSP introduced as a member's bill. Our job as the lead committee at stage 1 is to consider the bill's provisions, to report to the Parliament and to recommend whether the bill's principles should be agreed to. I have been asked about Mike Pringle's role. To clarify, he is allowed to be at the meeting as a member of the Scottish Parliament and as the member in charge of the bill, but he cannot take part in the committee's detailed proceedings when we formulate our report or in any votes.

As no member has any relevant interests to declare, I will introduce our first panel of witnesses, the members of which have been waiting patiently at the end of the table. Alan Forrest is the regional manager of B&Q plc; Sarah Tew is the trading law manager at Lidl UK; Becky Toal is the environment programme manager with the Co-operative Group Ltd; and Nigel Smith is the director of corporate social responsibility with the British Retail Consortium. Nigel Smith is here to give evidence on behalf of the Scottish Retail Consortium, which was unable to provide a witness.

I will give some ground rules. It is not our practice to take opening statements. However, we have received in advance the witnesses' written submissions, which have been circulated to members and have been extremely useful to us. No doubt they will provide the basis of many of this morning's questions.

**Maureen Macmillan (Highlands and Islands) (Lab):** Among the evidence that we have heard so far, there have been a lot of sweeping statements, which I feel have not always been backed up. Why did B&Q and Lidl opt for a bag levy? Was there a feel-good factor involved, or did you have hard evidence that carrier bags were causing a problem?

**Alan Forrest (B&Q plc):** B&Q has a number of stores in the Republic of Ireland, so we had some experience of what had happened when the levy was introduced there. Our experience in Ireland was very positive. Over a number of years, our company has had a number of environmental initiatives involving sustainable timber, peat-free compost, solvents in paint and so on. We had been aware of the issues around plastic and litter and we saw this as an appropriate time to introduce the 5p charge in our stores in Scotland.

**Maureen Macmillan:** So you had had a positive experience in Ireland.

**Alan Forrest:** Very much so. The Irish experience showed a reduction of about 85 to 90 per cent in the use of plastic bags.

**Maureen Macmillan:** Was there any evidence that people substituted other kinds of carrier bag?

**Alan Forrest:** Not in the case of B&Q. In Ireland, and indeed in Scotland, we have not substituted a paper bag for a plastic bag; there has simply been a straightforward reduction. Some people carry the products straight out to their cars. Many of our stores have large car parks, and people drive to them and simply carry the product out. That is what happened in Ireland, where people quickly engaged in a cultural change. The whole of the Republic of Ireland was subject to the tax, and people started bringing bags for life and their own carrier bags with them. To a limited extent, that has replicated itself in our stores in Scotland.

**Maureen Macmillan:** To a limited extent?

**Alan Forrest:** Only B&Q and a few other companies charge for bags, so the levy is not nationwide. In addition, it took time for people to become aware that B&Q had such a policy. Over a number of months, there has been a growth in the number of people coming into our stores with plastic bags or other carriers to reuse and recycle them, knowing that that is now what happens at B&Q.

**Maureen Macmillan:** I am interested to hear Lidl's view. Lidl is a supermarket, which obviously sells different kinds of goods.

**Sarah Tew (Lidl UK):** Lidl UK is part of Lidl International, which has companies throughout Europe. Lidl has always charged for its carrier bags. It is a German company and, as you are probably aware, the Germans were among the instigators of environmental law in the European Union. That is why Lidl levies a charge—we always have done and it is a company initiative. We have in place many environmental policies, including recycling, which have since been adopted by other companies. I would say that Lidl has been environmentally aware from the first instance. That is the point of Lidl.

We were against the introduction of the levy in Ireland for the reasons that we outlined in our submission. We would never produce disposable, single-use carrier bags. That is not part of the Lidl philosophy. We have always sold only multi-use carrier bags.

**Maureen Macmillan:** How do your customers react?

**Sarah Tew:** Customers perhaps have the perception that that is just the way that Lidl is, in the sense that it is simply a way not to give out free carrier bags, and that it is part of the culture of the company. Once we explain to customers that our policy forms part of our environmental initiative, and that it reduces the number of carrier bags in the environment, they react positively. However, a lot of customers object to the charge in the first instance.

**Alan Forrest:** We did market research in England, where we had not yet introduced the charge—indeed, we did research in Scotland before introducing the charge here—and found that three quarters of our customers were either very much in favour, or in favour, of what we were doing. They understood the environmental benefit. The money that we raise from the initiative goes to Keep Scotland Beautiful, and we make it clear to people that we simply pass on the money to Keep Scotland Beautiful. About 20 per cent of our customer base was ambivalent about the charge—those people did not care one way or the other. A small percentage—about 1.8 per cent—were dead against the charge. Broadly speaking, people were very much in favour of the initiative.

10:30

**Nora Radcliffe (Gordon) (LD):** Retailers have suggested that theft might increase if people are not given a branded carrier bag in which to take away goods. Could you comment on that?

**Nigel Smith (Scottish Retail Consortium):** In Ireland, at first, there was a blip in customer theft. In the first couple of weeks, stores found it difficult to approach customers who had refused to take a bag—it was difficult for clothing retailers to approach someone who was walking out with knickers, socks and so on.

However, in a month or two, retailers realised that they had to take preventive action so they started to move security staff around; of course, there was a cost associated with that. There was some evidence that supermarkets were losing wire baskets and shopping trolleys, but preventive measures such as coin-slot devices on the trolleys ensured that, within a couple of months, fewer of those items were going on walkabout.

**Alan Forrest:** In Ireland and in Scotland, where we have been operating the system for a year, there has been no increase in levels of theft. That has not been an issue. In any case, people come into our stores with bags—someone gets a bag in one shop and carries it with them as they go to other shops in which they get yet more bags and so on. We are familiar with that behaviour and it has not caused us any difficulty.

**Becky Toal (Co-operative Group Ltd):** In our submission, we referred to the freedom from fear campaign, which is run by the Union of Shop, Distributive and Allied Workers. The issue that it deals with is a concern for us. We are a convenience retailer and people pop into our stores for a bottle of wine, packet of ciggies, box of matches and so on. If they come in with exactly the right amount of money, which often happens, they might be unhappy about having to pay an extra 10p for a carrier bag and it is possible that our staff could be subject to aggression. As a completely different sort of retailer from B&Q, that is a concern that we have.

**The Convener:** Whenever stores make a change, an issue arises over the handling of the transition period. Clearly, some stores are concerned about having to levy a tax that would not necessarily be of their choosing. Does the Scottish Retail Consortium have any ideas about how stores could be helped?

**Nigel Smith:** Your point has come out quite strongly. Our members have suggested that it would be hard to identify the non-genuine customers as opposed to the genuine ones. It is easy to identify someone who has made a purchase if they have a branded bag, but it is more difficult if they have refused a bag and it is quite hard to stop them as they exit the store. Not only the large retailers but some of the smaller ones are concerned about that. The submission from Gregg's, which has small-format stores with the counter right next to the door as people walk in, says that the proposal might make it easier for someone to come in, take a sandwich and make off with it.

**Trish Godman (West Renfrewshire) (Lab):** I would be interested to hear your views on training checkout operators in relation to the new policy. I understand that B&Q came to its decision after seeing what was happening in Ireland and conducting market research. However, as we heard, when a customer is told that they will have to pay 10p for a plastic bag, there might be some problems in terms of aggression. What sort of training did B&Q give staff in that regard?

I get the feeling, although I might be wrong, that not much was done to advise customers about what was going to happen, why it was going to happen and what was going to be done with the money.

**Alan Forrest:** For about three months prior to the introduction of the charge, we put large notices in our stores—at point of sale and by the windows and entrance doors. However, large notices proliferate in our stores, so many people simply would not have seen them. The key component is the cashiers, who have to communicate with customers when they come to the till and identify

whether they need a bag. That is sometimes obvious, when a person has a lot of small bits and pieces. Our cashiers are trained and briefed to ask customers whether they want a bag and, if the answer is yes, to inform them that we charge 5p and that the money goes to charity. There is a notice on the checkouts that reiterates the policy for customers. We have also changed the logos on the bags—they now say that the charge goes to Keep Scotland Beautiful—but the critical component is the cashier.

We plan to roll out the charge in the north-east of England. The cashier briefing and the requirement to notify customers is the single most important component of that. Nothing irritates a customer more than if, when they have paid by Visa or another credit card and the transaction is complete, they want a bag and the girl says, "That'll be 5p." We learned pretty quickly that it is important that cashiers engage with customers to ensure that they are aware of the charge.

Initially, the charge was a big issue for us, but it is much less of a problem now because customers have become more aware of it. Our customers shop with us fairly frequently and on a cyclical basis. The charge is now a non-issue for us in Scotland, but it will be an issue initially in the English stores as we start to roll it out there.

**Maureen Macmillan:** How much of a burden is it to keep a note of the number of bags that you have sold and to pass the money on to Keep Scotland Beautiful?

**Alan Forrest:** It is no burden at all. We allocate a bar code to the bags, as with every other product. The cashier has a strip by her till that is the bar code for bags, which she scans as a bag goes through to introduce a charge. We simply run a report, as with all our products. I can tell at any time exactly how many bags have been sold, by branch or the total number, in any given period. The matter is simple—we can do it at the press of a button.

**The Convener:** What financial resources have you saved for the company by introducing the measure? What is the cost impact on your bottom line?

**Alan Forrest:** We will certainly save money. Initially, there was some expenditure because we had to buy the point-of-sale notices that I spoke about; there was also the cost of the briefings. In Scotland, we will save several tens of thousands of pounds and if the measure is rolled out throughout the company there will be significant annual savings. There would be significant savings for larger retailers that use greater volumes of bags. If they experience the extent of reduction in use that was experienced in Ireland

and which we have experienced, there will be a substantial saving.

**Rob Gibson (Highlands and Islands) (SNP):** Perhaps I should declare an interest in that I have a Co-op dividend card and use it regularly.

What sort of training do the staff of smaller and larger stores get with regard to the bags that the Co-op uses at present?

**Becky Toal:** We use two types of bags. We have what are called bags for life, which cost 10p and are available for anybody to buy at the checkouts. We also give away with no charge vest carriers, which are clearly labelled as degradable and which carry a reuse message. As part of our involvement in the choose to reuse campaign in Edinburgh, cashiers in 10 of our stores have been trained to promote the reusable bags over the vest carriers.

We do not have stores in the Republic of Ireland so we have not had to carry out a major training programme to explain to customers that they will be charged 10p for a bag. If the levy were to be introduced, we would expect direction from the Executive on how to communicate that to our customers. Otherwise, as was said before, our staff would have to explain to customers, "We are charging you 10p for a bag. This is a Government tax, not a Co-op tax" and deal with the associated problems that that might bring.

**Rob Gibson:** I will broaden out the question to the panel. If there were to be a national campaign and levy, how would you change your training and the attitudes of your staff? I know that you have different experiences—some of you operate a bag scheme on a voluntary basis and some do not. What is your response to the idea of a national campaign and what support would you want for it?

**Nigel Smith:** Do you mean a national choose to reuse campaign?

**Rob Gibson:** A national campaign, as provided for in the bill.

**Nigel Smith:** In the larger format stores, staff are encouraged as part of their training to ask customers whether they want a bag. That might not be evident when one walks into the stores, because staff will often not ask. However, there is a lot more that we could do. The Scottish Retail Consortium and the BRC could provide training material to ensure that such a policy would be integrated in training manuals that staff receive when they join a company. Retailers could do more to ensure that staff ask customers whether they want a bag. If stores run a bag-for-life scheme or sell reusable bags, they should try to incentivise and push consumer take-up of those bags.

**Rob Gibson:** Indeed. If the proposed levy kicks in, what do the other witnesses think about adapting to meet the requirements of the bill?

**Alan Forrest:** The key is to send a unified message, because such a levy would impact on everybody in a similar way. There should be some form of branding or logo from the Executive to reinforce the rationale behind the bill that the levy is an environmental initiative against litter. We need to promote that positive rationale and make everybody use the same logo. That would be straightforward and our customers would all understand quickly that all retailers were in the same position and pushing the same message.

**The Convener:** Lidl and the Co-op already have bag initiatives. How would they respond to a national campaign?

**Sarah Tew:** It would be useful for Lidl if everyone was on a level playing field in that respect. I welcome what Alan Forrest from B&Q said about an Executive campaign to make all customers aware that it was not only Lidl or other individual stores that were charging a carrier bag levy, but that it was a Scottish initiative to send out a single message from the Executive.

Customers can become aggressive about having to purchase carrier bags. If that were to happen in a Lidl store, the health and safety of our employees would be paramount. In such a situation, for the sake of the proposed 10p levy, it would be a lot wiser to give away the bag than to charge for it, although that would put us in breach of the legislation and mean that we would receive a £100 fine. I put the question to the committee, is it worth paying a £100 fine to protect the health and safety of an employee?

**Becky Toal:** I support what the Lidl and B&Q representatives said. The current choose to reuse campaign and the Waste and Resources Action Programme are classic examples in which there are common branding, commonality of message and point-of-sale materials and it is clear that we are all singing from the same hymn sheet. There would have to be some common branding from the Executive for a national carrier bag campaign. Through television advertising and national and local newspapers, the customer base should be informed that the tax is being imposed not by the retailer, but by the Scottish Executive and for stated reasons. That information should be communicated positively to help retailers deliver what the Executive wants.

10:45

**Mr Mark Ruskell (Mid Scotland and Fife) (Green):** Some of the evidence that we heard last week pointed to the fact that some of the voluntary schemes are having an impact—quite a small



impact but, nonetheless, some impact—in reducing the number of plastic bags that are in circulation. The submission from B&Q states that there has been an 82 per cent reduction in the number of plastic bags that it issues to its customers. That figure is surprisingly high. Clearly, there are advantages to such schemes. Why have the big four supermarkets not adopted a levy similar to that which B&Q now operates in its stores in Scotland?

**Nigel Smith:** There are a number of reasons for that. First, they are keener to push the reuse message. Some of the supermarkets have a bag-for-life scheme; some of them offer reusable bags. That will not hit the 80 per cent reduction area, but there could be a reduction of 20 to 25 per cent if customer take-up of the bag-for-life schemes is pushed. We hope to show that in the trial that we are undertaking in Edinburgh, from which we hope that some hard facts will come. The figure will not be as high as 80 per cent, but it will possibly be around 25 to 30 per cent.

The market is extremely competitive. If one supermarket were to break ranks and place a charge on plastic bags, it would feel that it was placing itself at a disadvantage and, possibly, losing customers. I would be surprised if one supermarket were to place a levy on plastic bags without the other three or four joining it.

**Alan Forrest:** I echo that point. The food business is intensely competitive, and I do not believe that any individual company would take that risk. My written submission cites the number of customers who, when surveyed, thought that charging for plastic bags was a very bad idea. Although that figure was only 1.8 per cent, 1.8 per cent of the customers of one of the big four supermarkets is a lot of customers, and the supermarkets will not risk alienating that number of people. The attitude is one of all for one and one for all. The big supermarkets all stand to save a lot of money as they are the major users of plastic bags, but I suspect that they would all want to be placed in the same position. No individual company would risk losing any number of customers to its competitors.

**Mr Ruskell:** So you are saying that there is a need for a level playing field.

**Nigel Smith** *indicated agreement.*

**Mr Ruskell:** Does the bill not create a level playing field for those major multiple retailers in allowing them to go further and introduce a levy? You seem to be saying that there is a blockage at the moment. The big four supermarkets are very competitive and cannot take the stance that B&Q has taken. How can we level the playing field?

**Nigel Smith:** You are absolutely right that the introduction of a levy would provide a level playing

field. However, I want to widen out the issue beyond the large supermarkets. You will hear later from the smaller businesses. The clothing retailers—Next, Laura Ashley, House of Fraser, John Lewis and so on—will not have the same choice. As has been shown in Ireland, they will switch to paper bags. For me, the issue is about highlighting the position of the non-food retailers as much as the position of the food retailers. Creating a level playing field for the food guys will have a knock-on impact on the other retail sectors, which we often forget about when we talk about the levy.

**Mr Ruskell:** Would you argue for an exemption for non-food retailers but apply the levy to the food retailers?

**Nigel Smith:** That is one possible approach. I am sure that the clothing guys would be keen on that. However, I do not know how you would distinguish between the two, as quite a few supermarkets sell non-food items. It would be hard to introduce such a levy; nevertheless, that could be an option.

**Mr Ruskell:** Where do most of our plastic bags come from? Do they come from supermarkets or clothing retailers? Where is the problem?

**Nigel Smith:** The majority come from supermarkets—the evidence shows that that is a fact.

**Becky Toal:** You talk about the big four supermarkets but, as our written submission says, the Co-op has 500 stores in Scotland. If all the Asdas, Tescos and Sainsburys were added up, I do not think that they would reach that figure.

However, we are a different type of retailer from Asda, Tesco and the rest of the big four, as we are the convenience high street retailer. Someone does not turn up at a Co-op in their car and do their weekly shop there; they might just pop in—as I said before—for a packet of ciggies, a bottle of wine and some milk. We are in a different segment of the retail sector. The ability for us to give away a free vest-style carrier bag enables our customers to come in, make their choice and take away their products. If we charged them for a bag, it might dissuade them from coming into our store in the first place. They might then get in their car and drive hundreds of miles to the nearest out-of-town supermarket. There are different segments in the retail sector; that is where Nigel Smith's emphasis on non-food retailers comes in. You will hear the same from the smaller retailers who will give evidence later.

**Mr Ruskell:** I am trying to find out where the problem really lies—where most of our bags are being produced and where consumers are purchasing them from. I understand that there are different segments of the retail sector.

**Alex Fergusson (Galloway and Upper Nithsdale) (Con):** We are talking about the idea of a level playing field, but I presume that not having a levy at all is about as level a playing field as we could get. Given the positive statements that Alan Forrest has made about B&Q's experience in Ireland and the 80 per cent reduction in the use of plastic bags from B&Q, I ask Becky Toal to justify the comment in the final paragraph of the Co-op's written submission, which says:

"We believe that the Bill, as it currently stands, is of questionable environmental benefit".

**Becky Toal:** Our written submission is based on the evidence that was presented in the extended impact assessment, which claims to use a life-cycle analysis technique. The assessment, which I am sure you have read, states clearly that the proposed levy would promote the use of paper bags, which, according to a range of environmental indicators, are worse for the environment than plastic bags. That is where that statement comes from.

We do not have any outlets in the Republic of Ireland, so I cannot comment on the difference between the situations in Ireland and Scotland. Moreover, B&Q is a very different retailer from the Co-op. People go there to buy a kitchen, not a bottle of wine, a packet of ciggies, milk and a tin of beans.

**Alex Fergusson:** I put the same question to Alan Forrest. I presume that he would not agree with that statement.

**Alan Forrest:** We have not substituted any other form of carrier; our experience has been simply of a straightforward reduction in the use of plastic bags. We charge 5p for a plastic bag. As soon as something is charged for, people put a value on it; when it is free, it is rubbish that can be thrown away. A charge of 5p changes people's mindset and they start to put a value on the bag. They will retain the bag and bring it back in. As I said, we saw quite quickly that people were bringing bags back to stores and reusing them. That was our experience in Ireland. In Ireland, things happened much more quickly because the levy was introduced overnight for everybody.

Our experience of what happened in Ireland was that the major producers—the food multiples—did not substitute paper bags for plastic bags. I know from personal experience that a lot of the smaller shops turned to paper bags to avoid the levy. However, the volume of waste that those shops create—although not insignificant—is very small compared with the volume of waste that the major food multiples create, which was reduced.

What the extended impact assessment states is correct. If we replicated what happened in Ireland—which I think that we would do, as our

evidence shows a similar reduction in the use of plastic bags—I expect, overall, that there would be a positive environmental impact. Additionally, a different mindset would be created. I have been to Ireland and have seen what has happened there. It has been made clear to the public that the money that has been saved has been ring fenced to improve recycling initiatives, for example. I hope that that is how we would use the money if we went ahead with the levy. The public would then associate the levy with the recycling message and the improvements that they would see taking place.

**The Convener:** I would like to follow up the point about the replacement of plastic bags with paper bags, which seems to depend on which retail operations we are talking about. Some well-known high street stores already use what feel like cardboard bags rather than paper bags, as they are pretty thick. To what extent would you expect all retailers to move to using that kind of bag? I presume that there are pretty significant costs involved in the production of such bags and the retailers that currently use them must have been led to do so through some market decision-making process. How automatic is that with fashion retailers, for example, and how does that compare with decisions in the food retail sector?

As a customer, I am not convinced that paper is a good substitute for plastic. For example, because reusable bags are stronger and easier to use, customers do not have to worry about double-bagging. Many shops will double-bag heavy items, because people know that, if that does not happen, they are likely to lose those items before they get home. As the issue is a mix of the culture, the cost to retailers and finding a sensible approach, I wonder about the assumption that, given the durability of plastic bags, there would be a wholesale, automatic shift to paper.

**Nigel Smith:** When the measure was introduced in Ireland, the high street clothing retailers agreed to stick with plastic bags and charge the levy. However, once one retailer broke ranks, they all followed suit within a couple of days and, by the end of the first week, everyone was using paper bags. Stores such as Next, Laura Ashley and Debenhams that use plastic bags switched to paper because customers did not want to pay the levy and said, "You're not giving us an alternative, so we'll walk out with our clothes." After a couple of weeks, the retailers withdrew many vest carriers and were selling many more bags for life and so on. I imagine that things would follow a similar pattern in Scotland.

Paper bags are not durable enough for grocery shopping. One could make them durable, but they would be very thick and cost a lot of money. Evidence shows that paper bags are four or five

times more expensive to purchase than plastic bags. Moreover, retailers might have to look abroad for their supply of paper bags, because we might not be able to meet the demand in Scotland. Indeed, even in Ireland, paper bags were covered with a plastic coating to make them more durable. We need to consider the environmental impacts of such moves.

Next, Laura Ashley, Debenhams and other stores that we have spoken to are all examining the costs of sourcing paper. Not only are paper bags four or five times more expensive, they are four or five times more voluminous, which means increased transportation and more trucks on the road. That is what happened in Ireland. In fact, one clothing retailer is already spec'ing out a new warehouse just to house the paper for the bags. Because the paper bags are so much more voluminous, they require much more space. I have been having discussions on the matter with consortium members.

**Becky Toal:** What would the Co-op do if the levy as it stands were to be introduced? One of the smaller bags would be exempt under the proposed legislation and we might shift to them to avoid charging our customers 10p. Although the bags would shrink in size, they would still be plastic and degradable.

Switching to paper bags would be disappointing from an environmental perspective. After all, if it represents an attempt to move away from oil-well technology, the use of petroleum, fossil-fuel burning and all the rest of it, I have to point out that the amount of energy, resources and transportation needed would be far greater than that required if we simply continued with plastic bags. As I have said, if the levy were introduced, we would probably shrink bag size and move to recycled paper bags.

**Nigel Smith:** We should separate out two aspects. After any levy is introduced, people will be able to prepare more for their journeys to destination stores such as a large B&Q or out-of-town supermarket by stocking up on bags for life or taking their trolleys to their cars. However, impulse buys are a different matter. Over the weekend, I bought 16 items at B&Q and did not have to use a plastic bag because I could take the goods in the trolley to the boot of my car. When I then went to my local hardware store to buy a number of screws—it still sells individual screws—I needed a bag, because I was going somewhere else and could not carry loose screws around town. We must make a distinction between visiting destination stores and making the kind of impulse buys that customers are not so prepared for.

**The Convener:** Is there a gender issue here?

**Nigel Smith:** No. I would take a bag for life, but perhaps I am not a typical strapping male.

11:00

**The Convener:** The point is partly about our cultural attitude to using bags. Do we have different attitudes?

**Nigel Smith:** I am sure that we do.

**The Convener:** Panel members may not wish to get into the issue but, if you are all of the view that there will be an automatic shift to paper bags, should we also consider a levy on paper bags or do you just want us to get rid of the bill?

**Nigel Smith:** That would be my first option but, if there is to be a levy, a paper bag and plastic bag levy would be our preferred option. That is what the clothing retailers would call for—they do not want to switch to paper, as that would cost them more money. If there were a levy on paper bags, they would not have to make that switch. A levy on both would therefore be our fallback position.

**The Convener:** Does anyone else have a view or is that the industry view?

**Becky Toal:** I have a view as a representative of the Co-op Group. We have invested heavily in degradable materials. We innovate and constantly use research development to examine how we can use polylactic acid in our produce. I will give an example. Our bread bags are now made from degradable packaging, which is currently up for an Institute of Grocery Distribution Tetra Pak environmental award—we have won a green apple for the packaging. Degradable packaging can be used in plastic bags. The issue is not only about carrier bags; it is about all the plastic bags that people use when they go to a supermarket. It is about everything that we can think of that people buy in a supermarket that comes in plastic wrapping and plastic packaging. We would like an exemption for degradability.

**Sarah Tew:** Lidl has never used paper bags. We have always had multi-use carrier bags. The aim of the bill seems to be to achieve a reduction in single-use disposable bags, but we believe that we should look to get rid of those bags perhaps by introducing a standard so that only multi-use bags may be given out to customers.

**Alan Forrest:** That is an interesting point. I recently had an experience in France with one of the major food retailers. That retailer does not use plastic bags and sells only the multiple-use bag for life, for which it makes a charge. That has brought about a big change in the shopping pattern there.

**The Convener:** I am aware of time. Does anyone have a wrap-up question?

**Nora Radcliffe:** I have two short questions. The first is for Becky Toal. Do you have comparative data on the impact on stores in Edinburgh that are part of the choose to reuse campaign and those that are not? Is it too early to have such data?

**Becky Toal:** The campaign started on 15 September, so it has been running for only four weeks.

**Nora Radcliffe:** So it is very new.

**Becky Toal:** The aim is to do comparative monitoring before and after the campaign. We are also conducting the campaign in England. Stores in Bristol are taking part, so we have a comparison south of the border.

**Nora Radcliffe:** So those data will come at some point, but it is a bit soon yet.

**Nigel Smith:** Some results from the scheme should be out towards the end of November. The stores are trying to reduce the use of one-trip bags and to encourage the take-up of bags for life. Boots is participating and giving away the leaflets, as we saw when we went in. We can leave you one if you have not seen it.

**Nora Radcliffe:** You said that in Ireland the clothing retailers switched to paper bags. Did you say that that happened within a week?

**Nigel Smith:** It happened very quickly.

**Nora Radcliffe:** So they did not try very hard to overcome initial resistance. If they switched that quickly, they must have had plans in place and must have known that they were going to do so.

**Nigel Smith:** Sure. As I said, it took only one company to break the ranks and, given the competitiveness of the market, they all had to go down that route.

**Nora Radcliffe:** The fact that the supply chain was set up so quickly raises some questions.

**Maureen Macmillan:** Alan Forrest said that in B&Q there was an 82 per cent reduction in the use of plastic bags. Has that figure stabilised or is it still going down? In other words, when will Keep Scotland Beautiful not get any money from B&Q because B&Q does not use plastic bags any more?

**Alan Forrest:** We have paid Keep Scotland Beautiful just over £25,000 so far. The figure for the reduction in use is similar in Ireland—it was just under 90 per cent there. Although the figure of more than 80 per cent is high, it is within the range that we expected. The figure is pretty stable, although it has dropped slightly—it was initially up at about 88 per cent, but it has been stable at 82 per cent for some time. We have run the scheme for almost a year. KSB will continue to get some money from us.

**Rob Gibson:** I have a question on the Irish experience. Did the Irish Government have a major publicity campaign to ensure that there was a level playing field? I did not hear anyone refer to that, although I may have missed it.

**The Convener:** We will have Irish witnesses over the next few weeks.

**Nigel Smith:** I believe that there was a national campaign.

**Mike Pringle (Edinburgh South) (LD):** I have questions for Nigel Smith and Alan Forrest. My first question is in two parts. What percentage of plastic bags is handed out by supermarkets as opposed to the retail trade? If there were, as you implied, a switch to using paper bags rather than plastic bags, would that increase the number of jobs in Scotland? The committee was given evidence that 80 per cent of the paper bags made in the United Kingdom are made in Scotland.

**Nigel Smith:** I think that Alan Forrest referred earlier to statistics on the issue of plastic bags by food and non-food stores.

**Alan Forrest:** Are you asking about the volume that the food guys use compared with the rest?

**Mike Pringle:** I want to know what percentage of plastic bags supermarkets and food stores give out compared with what the retail trade gives out—Jenners, for example.

**Alan Forrest:** I saw a very high figure and I am desperately trying to remember where I saw it. Food multiples dominate the area. They issue more than three quarters of the plastic bags that are given out—the figure is probably 80 per cent or more. To give you an idea of the scale, Tesco alone gives out more than 1,000 million plastic bags a year; whereas the figure for B&Q, which is a large organisation, is about 70 to 80 million bags a year. The food multiples use a huge volume of plastic bags compared with the rest of the marketplace.

**Nigel Smith:** On Mr Pringle's second question, a couple of clothing retailers to whom I spoke last week are considering switching from plastic to paper bags. They were comparing the price of importing paper bags with the price of using domestically manufactured paper bags. I am not sure what they concluded, but they will probably go for the cheapest source.

**Mike Pringle:** I have a question for Alan Forrest of B&Q. It has been implied that people on tills could face considerable aggression for charging for plastic bags. I think that Becky Toal and Sarah Tew said that they felt that, initially, many customers would be aggressive towards till operators. What is B&Q's experience of that?

**Alan Forrest:** Our cashiers had a similar anxiety prior to our introduction of the scheme, but the reality was different from the expectation. I think that it helps considerably that we give the money to charity. We are keen to ensure that the customers understand that. We have had no specific incidents—I would know if there had been any—of violence of any sort. Initially, there were many questions and some people were not pleased—I referred earlier to the figure of 1.8 per cent. However, aggression is not, and has not been, an issue. Our policy on plastic bags is not even a discussion point among our staff now; it is just how we do business and it is not a problem.

**Nigel Smith:** Customers have a choice. If they do not want to purchase a plastic bag, they can put their stuff in a trolley and take it to their car. However, some stores will not give that choice and that is where the aggression will set in.

**The Convener:** I will wrap this session up. We have extensively explored points that the witnesses made in written evidence. We have also asked them many questions that they might or might not have expected. I thank the panel for giving us so much evidence. We will pause briefly before moving on to the second panel.

11:09

*Meeting suspended.*

11:10

*On resuming—*

**The Convener:** I welcome our second panel of witnesses. We have Niall Stuart, who is the press and parliamentary officer of the Federation of Small Businesses, and Lekha Klouda—have I pronounced that correctly? I ask so that everybody else will get it right, too—who is the executive secretary of the Association of Charity Shops. We also have Donna Heaney, who is the Scottish Consumer Council's policy manager. As with our previous witnesses, we will not ask for opening statements. I thank the panel for the written evidence that we received, which we have pored over.

**Richard Lochhead (North East Scotland) (SNP):** What guidance do your organisations give to your members on the use of carrier bags in shops and other outlets?

**Niall Stuart (Federation of Small Businesses):** To be honest, the federation does not advise members on the matter. It is for each member to produce a policy on use and provision of plastic bags.

**Donna Heaney (Scottish Consumer Council):** The Scottish Consumer Council is not a member

organisation. However, sustainable consumption is one of the four objectives for our current four-year period. The proposal provides a way to work with consumers towards sustainable consumption.

**Lekha Klouda (Association of Charity Shops):** Our association is a member organisation; several of our members are charities that run shops in Scotland. Members decide individually how they supply bags to their customers. Our written submission shows that our members take a broad range of approaches. A significant number, especially of smaller charity organisations, reuse plastic bags; customers and the public donate second-hand bags, which are used for customers' purchases. Some of our charities also have branded plastic bags for customers.

The broader issue that we face is that almost all our donations are brought into our shops in second-hand carrier bags from Tesco, Sainsbury's or wherever, so we could face a double whammy. We are worried about the potential impact on donations and on purchases.

**Richard Lochhead:** If the bill proceeded in its current form, would that be worse than a bill that applied to all disposable bags? Would it be more effective to impose a levy on all disposable bags as opposed to just plastic bags?

**Niall Stuart:** The extended impact assessment report shows that a levy on all disposable bags would produce the best outcome for the environment. That assessment suggests that a levy on plastic bags would cost the Scottish economy between 300 and 700 jobs, so how many jobs would a levy on plastic and paper bags cost?

We are concerned about the administration requirements that a levy on plastic bags would place on smaller businesses. How would it be recorded and accounted for? Would it be liable for VAT? If a levy were imposed on both paper and plastic bags, that would double the administration for a small business. We accept that it would probably have the best environmental outcome, but such a decision would create costs for Scottish businesses.

11:15

**Richard Lochhead:** The impact on charity shops has caused concern to many people, and we want to take that into account. I presume that the levy could lead to a reduction in use of plastic bags, but people will still have to use bags of one form or another to carry things in, so why would that impact on donations?

**Lekha Klouda:** Are you implying that people would find another way of bringing their donations in?

**Richard Lochhead:** I am suggesting that people will still have to carry things somehow. They may not use plastic bags—or, if they do, they might have to pay for them—but why would that impact on donations?

**Lekha Klouda:** It is to do with ease of use and consumer behaviour. At the moment, the situation is very convenient. I am sure that all of you have piles of plastic bags in your houses, in the cupboard under the stairs or wherever, so when it comes to donating to a charity shop it is simple to clear out the cupboard, use some of those bags and take them down to the local charity shop.

To return to the question of what impact a tax on all bags would have on our sector, I think that it could only make matters worse in terms of donations, because we would have to rely on people's behaviour changing significantly. People would have to use their own bags, their bags for life or cloth bags to donate. We would have a major concern about levels of donations.

**Richard Lochhead:** To pursue that theme, why cannot people just bring their bags, empty the contents at a location and take their bags back if they want to hold on to them? I know that that would not be quite so convenient, but what would be wrong with that?

**Lekha Klouda:** Have you been into the back room of a charity shop? What you suggest is not how the system works. We have fairly small spaces and the work section, which is the engine room of the charity shop, is a very small space. There will be a table of probably no more than 6ft by 3ft, so such shops just do not have the capacity. We have large storage bins into which the bags go, after which volunteers empty them individually to sort the stock and put it out for sale.

**Richard Lochhead:** I have been in the back of a charity shop, but I assumed that you could just put the stuff into a bin and take the bag away if it was important to keep the bag. I just wanted to get your views on that.

**Nora Radcliffe:** Would the witnesses like to expand a little on the different impacts of the levy on different types of retailers and different types of customers?

**The Convener:** The Scottish Consumer Council might have a view on the customer impact.

**Donna Heaney:** The extended impact assessment and the previous submissions have said that there will be different impacts on different types of retail outlet, whether food or non-food. The Scottish Consumer Council is concerned that the extended impact assessment says that there

will be a differential impact, particularly on low-income consumers, who will pay a higher proportion of their incomes. However, that presupposes that consumers cannot change their behaviour; in this instance consumers will be able to change their behaviour, so we are not particularly concerned that there will be a big impact, because an alternative choice is available to consumers.

**Lekha Klouda:** Some buyers in charity shops are on relatively low incomes; indeed, purchases from charity shops are relatively low-value purchases, so an additional 10p would be quite a noticeable addition to a purchase. That concern has been expressed by some of our members.

**Niall Stuart:** As members of the previous panel outlined, trips to supermarkets and larger retailers are typically planned, involve higher levels of expenditure and often require trips by car. People can plan ahead and take plastic bags or a box, or they can take items out of the trolley and put them in the car. The businesses that I represent—small retailers, corner shops and so on—tend to rely more on impulse purchases on the way home from work or on the way to somewhere else. It is in those cases, when they have not planned ahead and do not have a bag, that people will have to pay the levy. That relates to Richard Lochhead's earlier question and to previous responses. If there were to be a tax on both plastic bags and paper bags, it would mean that for such purchases, the consumer would have to pay the 10p levy on a paper or plastic bag, because there would be no alternative. That would undoubtedly hit people in lower income groups harder than the bill's current proposals would.

**Donna Heaney:** There is some evidence from Ireland, although there has not been a huge amount of consumer research. The small number of studies that I have seen have shown no problem with consumers supporting the levy. MORI research from two years ago showed that most people who were asked supported the idea. Our sister organisation, the Welsh Consumer Council, carried out research for the National Assembly for Wales—

**The Convener:** I am having difficulty in picking up everything. Is it possible to adjust the volume or move the microphone? I am not catching everything at this end of the room.

**Donna Heaney:** Research has been done by focus groups in Wales, although by its nature such work covers only small numbers. However, there has been support there for introducing a tax, as long as consumers know that it is for environmental purposes. They would be against a tax per se.

The Scottish Consumer Council would prefer to see carrots rather than sticks being used to change people's behaviour. However, the Irish experience has been used by the sustainable consumption round table, which is a joint initiative down south, as an example of consumers finding a tax acceptable.

**Niall Stuart:** The issue of theft by people leaving shops without branded carrier bags was raised by the previous panel. The big supermarkets, which can hire security staff at their entrances, find theft by shoppers easier to police; they can check who is leaving the store with what and whether they have paid for it.

It was said during the previous panel's evidence that 80 per cent of food shopping is done in the four or five big supermarkets. By extending that logic, it is fair to presume that approximately 80 per cent of the plastic carrier bags that are used to carry food will be sourced from those big supermarkets.

**Nora Radcliffe:** Could you repeat the figure that you gave for job losses and tell me from where you derived it?

**Niall Stuart:** The figures are derived from the extended impact assessment, which was commissioned by the Executive from AEA Technology Environment. It estimates that between 300 and 700 jobs would be lost in the manufacture and distribution of plastic bags in Scotland if a levy were introduced. If a levy were extended to paper, there would be a proportionate effect on paper manufacturers in Scotland, so we could be looking at double the losses.

**The Convener:** How do you reach the figures about the number of paper bags that are used and the number of people who work in the industry that produces them?

**Niall Stuart:** I extrapolated the figures from the Executive's impact assessment. It says that there would be between 300 and 700 job losses in the plastic bag sector and it hypothesises that a tax on paper bags would have a proportionate effect on their use and would result in job losses in the paper sector.

**The Convener:** On what number of paper bags in use is that based?

**Niall Stuart:** At the moment, about 40 million paper bags are used every year in Scotland. I do not remember what would happen if a levy were placed on paper bags, although there would be a fairly drastic reduction in paper bag use. It is only logical to hypothesise that that would have an effect on jobs in paper bag manufacturing in Scotland.

**The Convener:** The argument was that if one had to switch from plastic to paper, there would be an increase in use of paper bags.

**Niall Stuart:** Sure. I was following up Richard Lochhead's question about there being a levy on both paper and plastic bags.

**The Convener:** Perhaps you could root about for some figures on jobs in the two sectors.

**Rob Gibson:** Has there been a drop in donations to charity shops in Ireland since the bag levy was introduced?

**Lekha Klouda:** The first bit of background information on that is that although there are charity shops in the Republic of Ireland, their numbers are far fewer per head of population and in total than in Scotland.

The direct answer to the question—we have members in the Republic of Ireland—is that the transition was fairly smooth. There were issues in the first week or two, with people somehow forgetting about the introduction of the tax. The decision that charity shops in Ireland took as a whole was simply not to supply bags, other than the cloth bags that were branded with the name of the charity. There was not an issue with not giving out bags.

I would say that the volume of donations has evened out. I asked our members how their donations arrived. Interestingly, donations now arrive in the rather good-quality paper carriers that people receive from clothing retailers and others. A large number of them also arrive in plastic bin-liners. No one has yet mentioned that impact in the Republic of Ireland: an enormous increase in the sale of plastic bin-liners followed the introduction of the plastic bag levy, which has been seen in the bags that donors are using to bring in their donations to charity shops. Donors will have bought the single-use plastic bin-liners that they now increasingly use for that.

**Rob Gibson:** You well anticipated my follow-up question. I presume that consumers have changed their attitudes towards quite a lot of aspects of shopping. Do you think that they really need to be given a short, sharp shock?

**Donna Heaney:** It is recognised that policy development to promote behavioural change is extremely difficult because of the range of factors that influence consumers' decisions; for example, the costs of alternatives, choice, availability, social and cultural influences, advertising and a range of other things. I have heard behavioural change being described as the holy grail of sustainable development.

Charging consumers for their behaviour—a polluter-pays element, in essence—can be an important aspect of raising people's awareness

and can be a catalyst for wider behavioural change. The sustainable consumption round table has done some work on home energy generation and has shown that certain interventions in people's lives can kick-start new patterns of behaviour. It may well be that the plastic bag levy can act in a similar way.

**Niall Stuart:** The shock will come when customers and retailers change from plastic to paper. The extended impact assessment projected a 400 per cent increase in use of paper bags, which more than outweighs the environmental benefits of the reduction in plastic bag use, because of the increase in greenhouse-gas emissions and eutrophication of water systems. If people were to stop using plastic and to start using paper instead, that would be worse for the environment than the current situation.

**Rob Gibson:** So it is your contention that there is no way of avoiding using plastic bags.

**Niall Stuart:** The Executive's evidence covers the voluntary scheme that was used in Australia. Both big and small retailers were all involved and, in one year alone, the scheme accounted for a 25 per cent reduction in plastic bag use. That is not as much as is projected under the bill but, given time, such a voluntary scheme could achieve something closer to the projected outcomes of the bill.

**Lekha Klouda:** I can understand the idea of a short, sharp shock kick-starting change. The sector that I represent has been promoting active reuse for 50 years. We feel that legislators ought to engage with and support the reuse message far more. That does not just cover plastic bags; it is about sustainable lifestyles and reuse as a whole. We believe that that is the message that we should all be aiming for. The proposal to tackle simply a selection of plastic bags does not really go to the heart of the matter, which is that we need to seek to change the way in which we live our lives so that we are more sustainable and so that we reuse and recycle more.

11:30

**Rob Gibson:** Are you suggesting that we should not support the bill in principle?

**Lekha Klouda:** I feel uncomfortable as an individual saying this because I try to be as green as possible, but speaking for my sector I cannot support the bill. However, I argue for greater engagement with and support for the reuse message as a whole.

**The Convener:** One of the key points in your submission is about exemptions. Would you argue that, because the charitable sector is at the top of the waste—or resource—chain in terms of reuse,

it should be exempted? I understand that you have already won concessions in relation to house-to-house collections. Would your attitude to the bill change if registered charity shops were exempted from the provisions?

**Lekha Klouda:** That would deal with the narrow issue that our sector needs to be protected, but our view would still be that a lot more needs to be done to promote reuse. We are doing a lot of work on that. The choose to reuse plastic bag campaign that has recently been started in Edinburgh has been mentioned, but a group of voluntary organisations, including our association, have been working on an alternative choose to reuse campaign, which has won funding. It is a broad behaviour-change campaign in seven counties in the east of England that aims to promote understanding of the benefits of reuse and to encourage people to change their behaviour. Obviously, charity shops want more donations and they want more people to buy reused goods.

I cannot really answer the question about whether we would support the bill if charity shops were exempt. We would be satisfied that our sector was protected from any major negative impact, although there would still be the issue of donations.

**Mr Ruskell:** Would you support the bill if there was an exemption on bags that have been reused?

**Lekha Klouda:** How would that exemption work?

**Mr Ruskell:** I mean if the levy did not apply to bags that were used more than once.

**Lekha Klouda:** I had rather assumed that that would be the case, because the bags would have been taxed once already.

**Mr Ruskell:** To follow on from that, I ask Niall Stuart what proportion of small retailers reuse bags.

**Niall Stuart:** I do not have figures on that, although it is likely that very few small retailers reuse plastic bags, given the consumer attitude to making a purchase and being given a bag that someone has obviously used before. I imagine that the proportion is low, if there are any at all.

**Mr Ruskell:** So you do not anticipate that large numbers of your members will switch to reusing bags on the back of the bill.

**Niall Stuart:** I think that consumers would find that simply unacceptable.

**Alex Fergusson:** Will you expand a little on the Australian scheme that you mentioned? Lekha Klouda is right—I, like many other people, have a large store of plastic bags at home, but we reuse them. I am a great believer in an educational



programme to change the culture, which I think would be of great benefit. Is that what happened in Australia, or was there some other way of bringing about the significant reduction there?

**Niall Stuart:** The scheme in Australia involved several different factors, the most important of which was training staff not to give bags unless people really needed them or to ask people whether they needed them. There was also a push of bags for life: they were made more obvious and customers were asked whether they would like one rather than a disposable carrier bag. People were also encouraged to reuse carrier bags. The scheme was driven mainly by larger retailers, but smaller retailers were expected to participate as much as they could. Not surprisingly, the biggest reductions in use were in the large multiples, but there was about a 20 per cent reduction in use among smaller businesses.

**Alex Fergusson:** There were education and retraining measures.

**Niall Stuart:** The Australian Government gave retailers two or three years to get their house in order and to demonstrate that they could reduce carrier bag use significantly through voluntary schemes. The Government said that if that happened, it would not legislate, but that if there were no significant improvements, it would legislate.

**Alex Fergusson:** If the committee needs somebody to go to Australia to study the issue, I am willing to volunteer.

**The Convener:** That might conflict with our climate change objectives just a tad.

**Donna Heaney:** As I understand it, an education and advertising campaign to accompany the introduction of the tax in Ireland has been important. If the proposal goes ahead in Scotland, the Scottish Consumer Council would like there to be a similar campaign. The provision of meaningful information to consumers would be an important element of the levy.

On the switch to paper bags, which is expected to happen, we think that three measures would be necessary. One would be an education campaign to advise consumers of the environmental impact of paper bags, which might not be understood. There should also be a campaign on recycling. Furthermore, we would welcome a voluntary approach from the industry not to switch to paper bags. I do not think that the impact assessment considered those issues.

**The Convener:** I do not think that anyone has any further questions.

**Mike Pringle:** I assumed that I would come in after the members of the committee had asked their questions.

**The Convener:** You would not come in automatically, but you can come in at this point.

**Mike Pringle:** Niall Stuart referred to the Australian scheme. Do you know whether Australia is going to impose a compulsory scheme because the voluntary scheme has not worked?

**Niall Stuart:** As far as I know, no decision has been made. The scheme began in 2004, so I suppose that it is still being given time to work before its impact on plastic bag use is assessed.

**Mike Pringle:** Donna Heaney's submission states that, in Ireland, there is no evidence that low-income consumers have felt disadvantaged by the levy. Can you expand on that?

**Donna Heaney:** I can say only that that was the evidence that was given to us by University College Dublin. I think that it was based on a telephone survey of 100 consumers. I contacted the authors to find out whether they had carried out any follow-up work, as they had planned to do. As far as I know, however, they have not done so and now have no plans to do so.

**Mike Pringle:** Lekha Klouda's submission says that the requirement that the bill will place on businesses that decide to keep supplying plastic bags to keep records of the number of bags that are brought in and the number of bags that are sold is a

"totally unrealistic and unreasonable burden on charity shops".

Why?

**Lekha Klouda:** The bill would require a charity to report those figures to the local authority for every shop, unless the council agreed to allow the charity to aggregate its reports for all its shops in the local authority's area.

It seems to us that the requirement to count plastic bags in the way the bill suggests would be a burden on our organisations. As I said, the shops that we deal with use some second-hand bags and some new bags. They also use bags to wrap up broken items when they put them in the bin. How would that be accounted for? Would the shops automatically pay for those bags? Furthermore, a number of charity shops do not have the kind of tills that my colleague from B&Q talked about. He is able simply to press a button to find out exactly how many plastic bags have been sold in any branch; charity shops' tills are not like that. Some of the larger charities have written to me to say that they do not have enough buttons on the till to add another function and that they already have to aggregate some categories that they might want to track separately. The committee should bear in mind that we have volunteers in the shops and that many of them work on the till, so the record-keeping

requirements, as they are presently framed, would be a significant burden.

**The Convener:** Niall Stuart might want to comment on that.

**Niall Stuart:** Thank you—I know that you are short of time.

I want to talk about the burden that the bill would impose on small businesses. It is important to place the issue in the context of the Hampton review at UK level, which is considering reducing the number of enforcement measures and inspections that all kinds of business are subject to. The bill is an example of a case in which the Scottish Parliament could legislate for yet more enforcement and inspection of small businesses.

The bill says that till records must be kept for five years, but most small businesses keep them for only one year, because that is all that HM Customs and Excise demands. That would be another extension of administration for small businesses. Another problem is whether VAT would be payable on the levy. The climate change levy is subject to VAT, so there is reason to believe that HM Customs and Excise would consider that a levy on plastic bags should incur VAT. If that were the case, the 10p levy would immediately become an 11.75p levy, which would obviously cause problems for charging, tills and so on. Would the shopkeeper be expected to round up the charge to 12p and to keep 0.25p, or would the charge be calibrated at between 8p and 9p, so that the total charge, including VAT, was exactly 10p?

Another problem is that because a plastic bag levy would be a new kind of levy, it would need a new accounting process and firms would have to buy new accounting software to deal with it in their annual accounts. The fact that it is proposed that the levy will be collected through local authorities means that any person who does business in more than one local authority area, such as a market trader, will be expected to record not only every plastic bag he sells, but how many plastic bags he sells and where he sold them, and to give the money to the relevant local authorities. As you can imagine, that would be a bit of a nightmare for a small business that operates in several local authority areas.

**The Convener:** We will capture those issues when we question the member in charge of the bill. I thank members of the panel for their evidence and for taking the time to appear before us. You are welcome to stay. We will have a brief suspension to allow us to move on to our third panel.

11:42

*Meeting suspended.*

11:44

*On resuming—*

**The Convener:** Our third panel comprises local authority witnesses. Kathleen Fraser is the health protection policy team manager at Aberdeen City Council, Dr Colin Clark is the head of waste management at Highland Council and Gilbert Wilson is the head of consumer services at Renfrewshire Council. Thank you all for coming. As with the previous witnesses, we will not require you to make opening statements. Thank you for the range of written submissions that you gave us in advance.

**Maureen Macmillan:** What would be the practicalities of collecting the tax, not from companies such as Tesco and B&Q, but from market traders, farmers markets, corner shops and so on?

**Gilbert Wilson (Renfrewshire Council):** Renfrewshire Council takes the view that collection of the tax would be cumbersome, irrespective of which traders we are talking about—whether chains, independents, market traders or farmers markets. We do not underestimate the difficulty that might be attached to the proposal. That does not mean that we think that a levy is not a reasonable idea; we just think that careful work will need to be done on the scale of the problems that will be involved in collecting the tax, especially in the context of the number of transactions and interfaces with small and large traders in the 32 councils. We think that collection could be a wee bit more complex than it looks, although the idea is, in principle, a simple one.

**Maureen Macmillan:** So you are not totally opposed to the bill.

**Gilbert Wilson:** No, I just foresee difficulties in implementing the bill as we conceive its implementation at the moment.

**Maureen Macmillan:** Perhaps the other witnesses would like to comment.

**Kathleen Fraser (Aberdeen City Council):** I spoke to my trading standards officer colleagues before I came here. They have a rolling programme of inspecting businesses every three years and they struggle to get round the 3,500 businesses that are registered with them. In Ireland, only 50 per cent of businesses decide to register if they are going to supply plastic bags; however, to get round even that number of businesses—to monitor them and to check compliance—will be a burden on local authorities. Nevertheless, we are supportive of the bill.

**Dr Colin Clark (Highland Council):** I reiterate what my colleagues have said. The principle of the bill is really quite good. As well as the local authorities, the Convention of Scottish Local Authorities has made that perfectly clear. Nonetheless, there are concerns about how the money will be obtained and about the overall benefit of collecting the money. The environmental health officer service in the Highland region is under considerable pressure and it would have difficulty in withstanding more pressures.

**Maureen Macmillan:** One of my concerns is that the cost of collection could be higher than the amount of money that comes from the levy, as fewer people purchase plastic bags. Do you share that concern?

**Dr Clark:** Yes. The aim of the bill is to reduce plastic bag consumption. That should lead to a reduction in plastic bag use and, consequently, a reduction in the levy. One would imagine that, at some point, the cost-versus-benefit curves will cross.

**Maureen Macmillan:** And then what?

**Dr Clark:** We will look to the parliamentarians to sort that out.

**Rob Gibson:** I have a question for Colin Clark. You are concerned about the likely impacts of the bill in the short term, such as the appearance of more abandoned wire baskets and trolleys and, possibly, more casual litter. You suggest that the levy would perhaps be most effective if it were introduced simultaneously with waste segregation and other minimisation messages. Could the bill's approach be integrated practically with an Executive campaign? How would that change the attitude of people who leave wire baskets and trolleys lying around?

**Dr Clark:** Yes, I think that it could be integrated. In the near future, the Executive's waste prevention consultation will involve local authorities and other interested parties. Whether a campaign would have any great impact on the trolley abandoners is difficult to quantify. I suspect that its impact would be minimal.

Plastic bags do not cause much of a littering issue. Short-term issues are not necessarily the big issues here. In the longer term, as the phase 2 strategic waste fund residual treatment plants are rolled out throughout Scotland, that sort of waste stream will be dealt with and value will be recovered from it regardless.

**Gilbert Wilson:** We have not had any evidence that suggests that, in volume terms, plastic bags constitute a great proportion of the litter problem in our area. However, the significance of plastic bags—and this is perhaps where we would see some sense in what is being proposed—is their

visibility in the litter problem. They deface the environment and are a highly visible element in litter—more so than cigarette ends and other components of litter. We feel that the bill has some value in that respect, in that it would raise awareness. One of the positive aspects of the bill is that it would deliver a wider message than the specific message about plastic bags. However, I do not overstate the size of the plastic bag component in our litter problem.

**Rob Gibson:** Does Aberdeen City Council agree that the non-biodegradable food and drink containers that it is concerned about are a bigger problem?

**Kathleen Fraser:** That comment was made by one of our councillors recently, which is why we submitted it. If we consider the bill purely from a litter point of view, we should be taking a wider perspective, because there are many items that cause litter problems in Scotland, such as litter from fast-food outlets, as well as non-biodegradable food items.

**Rob Gibson:** I wanted to pick up the fact that you want to see some sort of change. What is the best trigger? We are here to contemplate that.

**Kathleen Fraser:** Other panels have iterated the importance of a marketing campaign on the bill. The issue of waste was successfully branded by the Waste and Resources Action Programme, and each local authority has been using that common theme, which is going a long way towards changing consumer behaviour. If we are going to roll out the proposals in the bill, we could consider where that approach has taken us and the benefits of common branding and getting the environmental message out using a common theme.

**Nora Radcliffe:** Concern has been expressed that, with 32 local authorities, there might be 32 different places determining how the levy is collected. Would it be practical to have a Scotland-wide form of collection, on which all authorities agreed, or would you see an approach that aligns with the waste strategy area groups? Alternatively, would each local authority want to do its own thing in implementing the bill if it is implemented?

**Gilbert Wilson:** When Renfrewshire Council responded to the consultation last year, it was inclined towards not wanting local authorities to be the collection agents for the plastic bag levy because of the potential for a proliferation of different regimes and the issue of how that would be audited. Enforcement is not just about those outside—the retailers; there is the auditing of the process, and there is some concern about that.

The problem in Scotland is that we do not have a single revenue department, which is what the Republic of Ireland has. However, there might be

other agencies or bodies that could be used. I do not want to lumber any particular agency with the task, but I am thinking of Entrust, which dealt with the landfill tax. Others might have ideas for other bodies. I have worries about collection—but not necessarily about enforcement—residing entirely with local authorities, as the matter is quite burdensome and complex.

**Dr Clark:** We have the same concerns. I am one of the few people to have landfill sites left. It sends a cold shudder down my spine every time HM Customs and Excise comes knocking at the door to look at our landfill tax returns. Collection would be a worry for us. If, as COSLA suggested, it could be taken outwith the local authority sector, we would applaud that.

**Kathleen Fraser:** If each local authority is to have a unit to administer the levy, there will be less funding available for environmental projects. Centralising the process would be the most logical and cost-effective solution.

**Nora Radcliffe:** Nobody seems to support the idea of aligning it with the waste strategy area groups.

**Gilbert Wilson:** The waste strategy areas do not have structures as such. In the Glasgow and Clyde valley area, where Renfrewshire is, there are eight different local authorities. Arguably, one could make one of them, or a joint unit of some of them, responsible for collecting the levy. However, one would still have to handle the transactions for the collection of the levy—one could not overcome that. There would still be 11 possible differing regimes in the waste strategy areas, all of which would have to be monitored and audited and have their performance looked at.

**Dr Clark:** It would not affect Highland, because Highland Council area is Highland waste strategy area. However, the waste strategy areas are not particularly relevant for a tax measure. The larger the area over which one can spread the collection, the more economies one can make and the more value one will get from the revenues from the tax.

**The Convener:** Thank you. It was useful to get clear feedback, and what you say backs up COSLA's submission.

**Trish Godman:** Let us say that we have resolved the issue of how to collect the levy and that, once collected, the revenue has come back to you. Can I mention the dreaded ring fence? Which would you prefer: ring fencing—the Renfrewshire submission suggests that ring fencing is too prescriptive, and my own experience in local government bears that out—or a general grant? Should the revenue come back to you as a general grant with which you could do as you please, although with environmental

considerations attached to it, or should the money be strictly ring fenced?

**Gilbert Wilson:** Renfrewshire would not be in favour of ring fencing. There might not be a problem if a range of environmental purposes was defined for any ring-fenced money, but I imagine that the environmental problems of Renfrewshire are quite different from those of Highland or Aberdeen City Council, and that the environmental purposes to which we might want to apply the money might be very different from those of other council areas.

Ring fencing could create a difficulty. There are many areas in which funding is ring fenced, and that could militate against determining local priorities and defining the needs of local communities.

**Dr Clark:** A model similar to the one that was put in place for the landfill tax would not be unreasonable, so that the schemes would be quite wide, and it would be left to local members to decide which schemes received funding. The figures in the extended impact assessment suggest that we could be dealing with very small and, as Ms Radcliffe said, ever-smaller amounts of money if the levy achieves its goal.

12:00

**Kathleen Fraser:** We would certainly support the use of Entrust bodies that have already been set up, as the mechanism already exists for distributing funds. Waste projects have been removed from landfill tax funding, and although the amounts involved may be small, the gap could be filled in a certain way.

**Mr Ruskell:** Are issues to do with public confidence involved? It is clear where the money goes in the B&Q scheme, and perhaps that makes customers a little less aggressive when they know that they must pay 5p per bag. Are there issues to do with where the levy money should and does go?

**Dr Clark:** To reiterate what I have said, I do not see why there should be a public confidence issue if local authority members disburse the money through the committee structure and reports are open to public scrutiny in public meetings. As far as I know, there were no public confidence issues when Highland Council gave out large sums of money through the landfill tax credit scheme.

**Mr Ruskell:** So perhaps there is an issue to do with the branding of the levy scheme.

**Dr Clark:** Or its *modus operandi*.

**Gilbert Wilson:** There should not be a public confidence issue if the scheme is properly promoted and the purposes for which the yield

from the levy can be applied are generally understood.

**Mr Ruskell:** I want to move on to the recycling of plastics in general and the recycling of plastic bags. What facilities do your councils have for recycling plastic bags?

**Dr Clark:** I will start and take the hit early on. Highland Council does not currently have plastic recycling of any kind. Large supermarkets have plastic carrier bag repositories, but Highland Council does not.

**Kathleen Fraser:** Aberdeen City Council collects plastic bottles, but not plastic bags. Supermarkets in the area do so, however.

**Mr Ruskell:** What about Renfrewshire Council?

**Gilbert Wilson:** Plastic bottles are collected as part of the kerbside regime. They can also be taken to the civic amenity recycling sites—the recovery sites—but the council does not operate anything to recover plastic bags. There have been supermarket schemes to recover plastic bags, but they have ceased when supermarkets have been taken over. We are trying to persuade some of the players to come back on board and have been successful with some of them.

**Mr Ruskell:** Do local authorities monitor plastic bag recycling rates? It is clear that your local authorities do not offer such a service, but are you building retailers' schemes into your area waste plans?

**Kathleen Fraser:** We are certainly promoting reusable bags and the bag-for-life scheme. Bags are available under the waste aware Aberdeen campaign, which has been run through the Scottish waste awareness group. Those bags have been distributed in several areas throughout Aberdeen.

We have also run a voluntary campaign in the Peterculter area. We asked shops whether they would stock bags and asked people to take one of our reusable bags rather than a plastic bag. Unfortunately, the results of the voluntary scheme were not as good as we had hoped that they would be, as it resulted in only a 20 per cent reduction in the number of plastic bags that were given out. However, we try such schemes and are keen to promote them.

**Mr Ruskell:** If the levy is not introduced, what will be the game plan for the other 80 per cent of plastic bags? Can the number be reduced or can they be recycled in any way? How can we tackle the problem if we do not support Mr Pringle's bill?

**Kathleen Fraser:** Aberdeen City Council would be keen to consider more voluntary schemes and to work with businesses in the area. As everybody knows, voluntary schemes can make a difference,

but they do not act as quickly as a blanket levy would. That has been proven.

**Dr Clark:** Plastics are a big problem for a place such as the Highlands, which is extremely large and has a very small population. We have considered plastics, so I can give members an idea of the problems. They are extremely light, so a 40m<sup>3</sup> skip holds about three quarters of a tonne of plastic bottles; however, the skip weighs about 2 tonnes. The issue is a difficult one for us to deal with.

As for plastic bags, if resource utilisation is taken out of the equation, plastic film creates issues on landfill sites, because it interferes with the behaviour of water in the landfill mass. I will hark back to what I said a few minutes ago. Once Scotland starts to change from landfill dependency to a variety of other technologies, plastic bags in the residual waste mass will be dealt with in several ways and some value should be recovered from them.

**Mr Ruskell:** In what way would value be recovered? Do you mean by incineration?

**Dr Clark:** Bags could be recovered for recycling through the residual waste stream and through a mechanical treatment, or their energy could be recovered through a form of thermal treatment.

**Mr Ruskell:** But you have no plans to deal with that 80 per cent of residual waste just now.

**Dr Clark:** Massive plans for residual treatment plant throughout Scotland will come on stream to meet the landfill directive targets in 2010 and 2013.

**The Convener:** Maureen Macmillan has what I hope is a brief question.

**Maureen Macmillan:** I use my plastic supermarket bags to line my bin, into which I scrape all the food that I want to throw out. If I did not use plastic bags to line my bin or buy bin-liners, I would throw into my wheelie bin a lot of nasty messes that I presume the bin men would not be terribly keen on dealing with unwrapped. If I wrapped the rubbish in newspaper, I believe that would cause problems in landfill sites. We have heard evidence about the effect of paper. What should I do? Dear Marge, what should I do? *[Laughter.]*

**Dr Clark:** The reality is that you will continue to do what you have done before in one form or another. Alternatives to plastic bags, such as corn-based biodegradable bags, are available. In the not-too-distant future, kitchen waste might be collected along with green waste or separately for biological treatment. However, I suspect that you and many other folk will continue to throw your chicken curry into a plastic bag, tie the top, throw

that into another plastic bag, tie the top and put that in your wheelie bin.

**Maureen Macmillan:** I probably will. It looks as though I may have to buy plastic bags rather than obtain them free at the supermarket.

**Dr Clark:** Buy a corn bag.

**The Convener:** That was a nice little touch of reality.

**Mike Pringle:** Renfrewshire Council's submission says that any reduction in plastic bags in the environment that the levy brought about might result in

"gains beyond anything that can be quantified on a balance sheet relative to the scheme itself."

Will you expand on that?

**Gilbert Wilson:** That refers to the awareness message. Although we may be driven towards costing things and applying statistics directly to the process, we think that—because of the visibility of the plastic bags as a nuisance in and a defacement of the environment—raising awareness will make people more accepting of legislation of this kind, which seeks to improve the environment and our surroundings generally and to reduce littering. We do not think that plastic bags are the main component of littering, but they are a highly visible one. We cannot lose sight—if you will pardon the pun—of the visibility aspect; therefore, I would not want to undervalue the virtue in addressing the matter.

**Mike Pringle:** My final question is for Aberdeen City Council. Early on, when I first proposed the bill, you undertook a survey not just of Scottish councils, but of all British councils. What were the results of that survey?

**Kathleen Fraser:** Since 2003, when the motion was proposed by Councillor McLeod, we have been lobbying for a levy on plastic bags, and our chief executive wrote to all 437 local authorities in the United Kingdom. We received 31 positive responses from councils that have aided the campaign in various ways. Unfortunately, numerous local authorities have not responded; however, we drew from the fact that they did not respond the conclusion that they were happy with the content of the letter. We received only 10 letters from councils that said that they were not supportive of a levy. Committee members may draw from that what they wish.

**The Convener:** Thank you very much for answering our questions and for giving us written evidence in advance. It has been very useful. That concludes our consideration of the bill for today.

12:12

*Meeting suspended.*

12:12

*On resuming—*

## Proposed Animal Health and Welfare (Scotland) Bill

**The Convener:** Agenda item 3 is the proposed Animal Health and Welfare (Scotland) Bill. I ask people at the back of the room to keep the noise down. We are running a bit behind schedule.

Colleagues have received a paper from the clerks on the proposed bill, which sets out issues in relation to stage 1. The paper suggests that we hold six oral evidence sessions, beginning on 23 November and ending on 11 January. We expect that the bill will be before us shortly, and the clerks do not want to waste the opportunity of using the two weeks of the recess to enable people to write to us. We will receive a more detailed paper on 26 October, which will allow colleagues to consider which witnesses we might want to invite to the committee, in the light of the details of the proposed bill. However, I am giving notice of it now to enable the public and interest groups to gear up for the bill and to ensure that we have a decent amount of time for public consultation.

There are a couple of other things. First, I presume that members will want an informal private briefing from Executive officials before we begin to discuss the meat of the bill with witnesses. Secondly, petition PE604, on animal welfare, was closed on the basis that we would pick up the issues when we came to deal with the proposed bill. I hope that colleagues are happy that we will formally draw those issues back into our evidence. I also ask colleagues to note that we will do brief press work on the key questions that are set out in the clerks' paper once we have the bill in front of us.

If there is any drastic delay in the Executive introducing the bill, we will update committee members on 26 October; however, our information from the Executive is that the bill is pretty much imminent. Are colleagues happy to return to the detail of witnesses and scheduling in a couple of weeks' time?

**Members indicated agreement.**

**The Convener:** We move into private session to discuss a draft report on the committee's inquiry into rural development. I invite the official reporters and broadcasting staff to leave.

12:14

*Meeting continued in private until 12:24.*

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