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SINGLE USE CARRIER BAGS

THE SCHEME IN WALES

Comes into force on 1st October 2011.

Legislation is contained in Carrier Bags Charge (Wales) Regulations 2010

There is an explanatory leaflet issued by the Welsh Assembly Government accessible on www.carrierbagchargewales.gov.uk

PRINCIPLE

The principle underlying the Regulation is simple. There is a minimum charge of £0.05p which must be levied if any “single use carrier bag” is provided to a customer subject to exemptions as outlined below.

It affects retailers of any sort, take away food shops, hotels, hairdressers market stalls internet supplies by mail or other means of delivery.

ISSUES

A What is a single use carrier bag?

Defined in the Regulation as either

- 1 it is made wholly or mainly of paper, plant based material or natural starch and is not specifically manufactured for multiple reuse or
- 2 is a plastic bag which is smaller than 404mm square or has one side less than 439mm and is thinner than 49 microns and is not intended for multiple use.

A plastic bag is intended for multiple use only if it is bought by the customer and is replaced free of charge when worn out i.e. “bags for life” which are manufactured from thicker plastic.

The explanatory leaflet indicates that bags made of cloth, jute, hessian or cotton are not single use bags.

The Exemptions

Set out in Schedule 1 of the Regulations and comprehensive.

In essence bags supplied to a customer to carry

unwrapped food items e.g. fruit and vegetables, bread pick and mix sweets, and partially unwrapped food in e.g. a wrapper or sleeve (chips)

loose seeds bulbs seed potatoes and similar,

plants and flowers that could have been contaminated by soil

packaged uncooked fish meat and poultry products (but subject to a maximum size of 205mm (w) x 125mm (gusset width) x 458mm (height including any handle)

bags supplied to contain an unpackaged axe knife, knife blade or razor

plastic bags less than 124mm x 125mm with no gusset or handle

paper bags less than 175mm (w) x 260mm (h) with no gusset or handle or have maximum dimensions of 80mm (w) 50mm (gusset width) x 155mm (h)

sealed bags supplied by a seller before the point of sale.

Live aquatic creatures in water.

There is a specific regulation that states that if any bag supplied to carry an exempt item has a non exempt item the bag carries a charge. For example if a bag containing loose fruit has a box of tea bags placed on top the bag carries the charge.

There is a further exemption solely for chemists etc which provides that the provision of single use bags for prescription medicines and medicines that can only be sold by a registered pharmacist are exempt.

There are other exemptions for boats planes trains and airports which are unlikely to affect members

B The Charge

There is a minimum charge to the customer of £0.05p for each bag issued. Retailers etc can charge more if they wish.

C Accounting for the charge

Each retailer supplier of bags has to maintain records. The first reporting period runs from 01/10/2011 to 06/04/2012. Thereafter the reporting years are 07/04 to 06/04. The following are the records to be kept

- 1 Number of bags charged for in the year.
- 2 The gross receipts for the bags charged for
- 3 The net proceeds of the charge
- 4 A breakdown of the difference between gross and net receipts and
- 5 What you have done with the proceeds.

If you supply more than 1000 single use bags in a year and are VAT registered you have to publish an annual record. This can be either on the home page of your web site, via a prominent link on the home page or on a notice **prominently** displayed in your shop/outlet.

The information has to be made available by 31st May in each year and remain available until the following 31st May.

The records have to be kept for three years and be made available on written request to either WAG Ministers (Acting by the Administrator) or **to any member of the public**

The information has to be made available within 28 days of the written request

How to calculate the net proceeds.

The Regulations are unclear. From the gross proceeds are to be deducted

VAT attributable to the supply and

“Reasonable costs”. These are defined as “costs reasonably incurred by a seller to comply with the regulations and to communicate information about the charge to customers.”

These would include e.g. the provision of posters, staff training and administration costs of compliance. In setting out the breakdown under 4 above the costs attributable to each head of costs needs to be set out.

The cost of purchase of the bags would appear not to be a deduction from the charge but a charge against general income.

What happens to the net proceeds?

You cannot add it to your bottom line. The Regulations contemplate that the net proceeds will be passed on to “good causes” particularly to environmental causes

and to initiatives that benefit local communities. At present WAG see this as a voluntary arrangement but there is provision for mandatory regulations to be made if necessary. Because of this one should provide the WAG details of the annual return

A copy of the Principles is attached

Enforcement

Monmouthshire County Council is the "Administrator" for the purpose of the Regulations and will enforce them.

Penalties range from fines to notices requiring future compliance. Full details are set out in the regulations. The Council should issue guidance on how it intends to operate under the Regulations but at present I am unaware as to whether these have been published.

Voluntary agreement : Guiding principles for the use of net proceeds of the Single Use Carrier Bags Charge

We expect retailers to adhere to a broad set of principles, as set out below. There is no intention for the Welsh Government to sign off individual arrangements.

We expect the voluntary agreement to have a high rate of participation across the retail sector, including the major grocer retailers and retailers who have a multiple presence in Wales and who distribute a significant number of single use carrier bags.

We do not expect retailers to cut across existing relationships with charities or voluntary organisations. However, we encourage retailers to pass on the net proceeds to environmental causes and we would particularly welcome initiatives that benefit local communities.

The guiding principles we expect to see adopted voluntarily by sellers are:

- The net proceeds are passed on to good causes*
- The use of the net proceeds will provide additionality over and above any existing arrangements. That is, where a seller already provides funding to a particular good cause, that funding will not be replaced by the net proceeds, nor will the use of the net proceeds otherwise adversely influence the levels of funding provided under existing arrangements.
- Retailers will supply a copy of, or link to, their annual record to the Welsh Assembly Government when published for monitoring purposes

*Good causes do not include organisations or activities that are party political in nature or those that facilitate or promote ideologies that are inconsistent with human rights principles.

Measure of success

The success of this voluntary agreement will be measured by the extent to which the first two principles above are complied with.