

# Quick guide

## Carrier Bag Charges: Questions and Answers

November 2011

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

### Introduction

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

### How much is the charge?

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

### Who has to charge for bags?

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

### When are bags exempt from the charges?

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

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

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

## What is the relevant legislation?

There are three important pieces of legislation that provided the Welsh Government with the power to introduce a single-use carrier bags charge:

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

## Where will the money go?

There are currently **no mandatory requirements** for what retailers do with the net proceeds from the carrier bag charges. The Welsh Government has published a voluntary agreement that it hopes retailers will adhere to when using proceeds from the carrier bag charges.<sup>1</sup>

The Government hopes that net proceeds are passed on to “good causes”, preferably environmental causes and those that benefit local communities. Furthermore, it hopes that contributions from the carrier bags scheme will be in addition to, rather than a replacement for, arrangements retailers currently have in place with charities.

## Will retailers have to tell anyone where the money goes?

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

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

## What can the Government do if retailers don't follow the voluntary agreement?

The *Waste (Wales) Measure 2010* gives Welsh Ministers the power create regulations which would impose duties on retailers stipulating the destination of proceeds from the charge. Specifically, they **could introduce laws to make retailers donate net profits from the carrier bag charges to environmental causes**. The Government has stated that this power would only be used if voluntary arrangements with retailers are not seen to work satisfactorily.

## What are retailers planning on doing with the money?

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<sup>1</sup> Welsh Government: *Voluntary agreement: Guiding principles for the use of net proceeds of the Single Use Carrier Bags Charge* [Accessed 18 October 2010]

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

- **John Lewis:** the net proceeds will go to **Keep Wales Tidy**;
- **Asda:** the net proceeds will go to **local charities selected by local shop workers**;
- **Tesco:** the net proceeds will go to **RSPB Cymru**;
- **Sainsbury:** 1p from each 5p bag will go to the **branch's local charity of the year**. The store will be providing reusable, rather than single-use bags.
- **Marks and Spencer:** 4p from each 5p bag will go to environmental charity **Groundwork**.

### Will the Welsh Government get any money from the scheme?

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

### Will the UK Treasury get any money from the scheme?

Carrier bags charged for under the scheme are **eligible for VAT**.<sup>2</sup> The UK Treasury will therefore receive money in the form of VAT for each carrier bag charged for by a VAT-registered business in Wales.

### What will the cost be to retailers for operating the carrier bag charging scheme?

The Welsh Government has estimated that the total cost to retailers throughout Wales will be in the region of £1 million for the initial set-up costs, followed by annual administration costs of £1 million. However, as noted above, though the Welsh Government has established a voluntary code of practice whereby net proceeds of the scheme go to environmental good causes, there is currently no statutory obligation for retailers to use this money in any particular way.

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

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<sup>2</sup> HMRC, *Revenue & Customs Brief 23/11 VAT: introduction of levy on 'single-use' carrier bags in Wales* [Accessed 7 October 2010]

## Who will be enforcing the scheme?

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

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

## Are similar schemes operating elsewhere in the world?

Wales is the first country in the UK to implement a statutory charge for carrier bags. However, similar schemes, where carrier bags are either charged for or banned, are in operation in other countries throughout the world, such as Ireland, Belgium, Switzerland, Bangladesh and China.

The Irish model, which saw single use plastic bag consumption reportedly fall by 90 per cent, is the example most cited in discussion of the Welsh scheme.<sup>3</sup>

The Scottish Government is currently consulting on ways to reduce carrier bag consumption. In August 2011 the Scottish Environment Secretary stated that he would consider introducing legislation if need be.<sup>4</sup>

## Further information

For further information on the Carrier Bag Charges, please contact Robin Wilkinson ([Robin.Wilkinson@Wales.gov.uk](mailto:Robin.Wilkinson@Wales.gov.uk)), Research Service.

View our full list of [quick guides](#) here.

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<sup>3</sup> Scottish Government: [Proposed Plastic Bag Levy - Extended Impact Assessment: Volume 2: Appendices](#)

<sup>4</sup> Scottish Government: [Tough action on carrier bags, 15 August 2011](#) [Accessed 19 October 2011]