

Plastic Bag Levy in Ireland Treth ar Faglau Plastig yn Iwerddon

**Cylch Conference 2005 – Swansea
Cynhadledd Cylch 2005 – Abertawe**

**20th – 21st October 2005
20 – 21 Hydref 2005**

Seán O'Súilleabháin

Department of the Environment, Heritage & Local Government

Presentation Structure

- Environmental/‘green’ taxation
- Background to plastic bag levy
- Consultancy study
- Policy options identified – recommendation
- Challenges associated with introduction
- Legislation
- Implementation and enforcement
- Impact
- Concluding remarks

Environmental/‘Green’ Taxation

- Environmental levies – economic/market based instruments
- Price placed on an environmental resource or abuse of same.
- Attempt to take account of environmental degradation caused by production/consumption of goods or services with view to influencing more positive environmental behaviour by producers/consumers
- Green taxes/subsidies (i.e. incentives/disincentives) are being increasingly used internationally as part of an integrated range of measures to assist in achieving environmental objectives – legislation, producer responsibility initiatives etc

Environmental Taxation (2)

- Examples
 - landfill levies,
 - differentiated taxation favouring unleaded over leaded petrol,
 - carbon taxes
 - subsidies for good environmental practice – farmers.
- Similar analogy
 - ‘fat taxes’ now being proposed to counter obesity
 - influence positive behaviour in favour of healthy foods
- Irish plastic bag levy is a good case study/example of the practical application of an environmental tax.

Background to Levy

- Plastic bags – significant visibility as litter
- Increasing consumption –retailers complicit
- Growing public awareness re environment
- Litter countering Ireland's clean, green image
- 1997 – New Coalition Government
- Programme for Government – commitment to examine means of discouraging use of plastic bags

Consultancy Study

1998 - Consultancy study commissioned

“to identify and assess possible fiscal, regulatory or other measures that might be undertaken to minimise the use and environmental impact of plastic bags”.

Consultancy Study (2)

Plastic bags in context

- Estimated consumption - 14k tonnes per annum
- 1.26 billion plastic bags dispensed free of charge at retail outlets per year
- 340 per inhabitant per year – excessive

Consultancy Study (3)

- Sources of plastic bags
 - domestic producers (20%)
 - imported (80%) (55% EU; 25% Third Countries)
- Employment by home producers – circa 200
- 82% of plastic bags consumed in grocery sector

Consultancy Report Policy Options

Fiscal instruments

- levy on production/importation
- supply side levy
- levy at point of sale

Producer responsibility instruments

- take-back scheme
- deposit and refund scheme

Policy Options (2)

Other regulatory measures

- prohibition on certain types of bags
- public awareness campaigns
- voluntary initiatives
- street cleaning

Consultancy Outcome

- Consultants reported 1999 – recommended **5 cent** levy as appropriate and effective
- Consultants silent on whether 'supply side' or 'point of sale' levy would be best – further analysis required
- Public consultation process undertaken late 1999
- Very strong public support for levy
- Principle opposition from plastic industry, packaging importers/distributors, retail sector
- EU legal advice – levies allowable in principle subject to –
 - environmental justification & levy amount should not be disproportionate

Challenges Post Consultancy

First preference was for a supply-side levy - considered simplest and administratively more cost-efficient option.

- Limited to 4 producers, 50 importers/distributors
- Further reflection re levy amount - 15 cent more effective
- Government approved 15 cent supply-side levy - December 2000.

Difficulties subsequently encountered with relevant stakeholders re implementation mechanisms of supply-side levy

- Revised Government approval obtained March 2001 for point of sale levy to be applied on customers by retailers (circa 30,000)

Challenges Post Consultancy (2)

Political

- Producers/importers/distributors opposed – 1500% tax
- Retailers – supportive; worries about customer refusal to pay
- Consumers – supportive; concerns re effects on low-income

Technical

- Devising arrangements to ensure that all levy collected by retailers from consumers was returned to the tax collection authority

Legislation

- Enabling provision for plastic bag levy and establishment of new Environment Fund was provided for in primary legislation - i.e. Waste Management (Amendment) Act 2001 – enacted June 2001
- Plastic bag defined as “a bag –
 - (i) made wholly or in part of plastic, and
 - (ii) which is suitable for use by a customer at the point of sale in a supermarket, service station or other sales outlet,

other than a class of bag exempted in regulation

Legislation (2)

2001 Act also –

- provided enabling provision for new landfill levy,
- stipulated that proceeds of both levies would accrue to new Environment Fund and could only be used for specified environmental purposes,
- provided that plastic bag levy could be extended to other articles deemed appropriate by Minister

Legislation (3)

Draft regulations – i.e. secondary legislation – was circulated to relevant interests for consultation
September 2001

Final regulations – entitled Waste Management (Environmental Levy)(Plastic Bag) Regulations 2001 (S.I 605 of 2001) – signed into law December 2001

Commencement date specified as 4 March 2002

Legislation (4)

Regulations – detailed legislative provisions, as follows–

- re-inforced that levy is to be applied at point of sale in retail outlets
- amount of levy – levy of 15 cents per bag
- exemptions from levy
- obligation on retailers to charge customers and to itemise no. of bags/amount charged on till receipts
- designated Revenue Commissioners as collection authority for levy
- obligation on retailers to keep necessary records, and to submit returns and payments on quarterly basis

Legislation (5)

- power of collection authority to estimate liability and collect amounts of levy due in event of non-payment
- extension of comprehensive Revenue Commissioners tax collection powers re other forms of tax to new levy

Exemptions from levy

- in-store bags used to hold meat, poultry, fish
- in-store bags used to hold fresh fruit and vegetables
- long-life reusable bags sold for not less than 70 cents

Implementation and Enforcement

Period pre commencement:

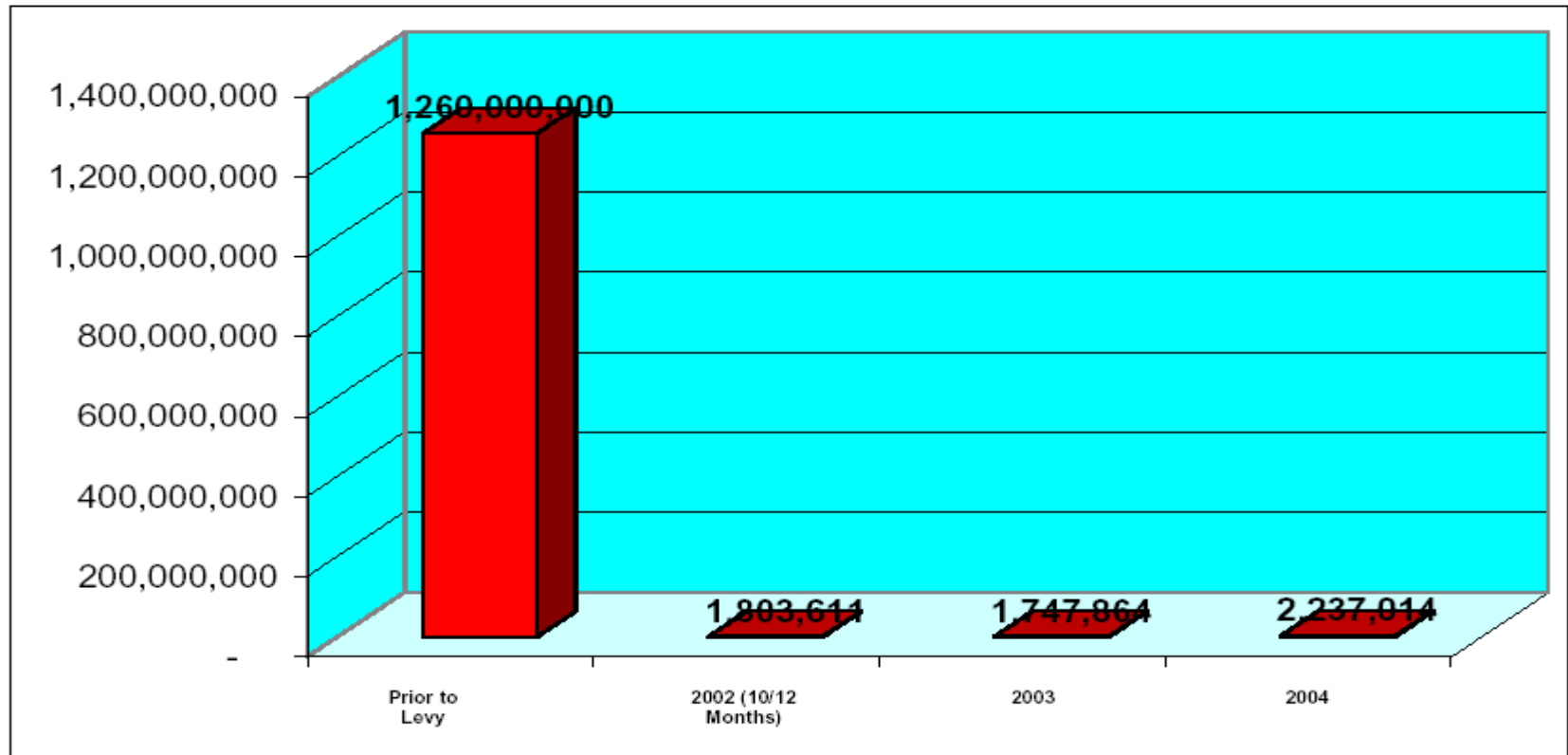
- Service level agreement with Revenue Commissioners
- Extensive multi-media public information campaign

Clear distinction between enforcement and collection –

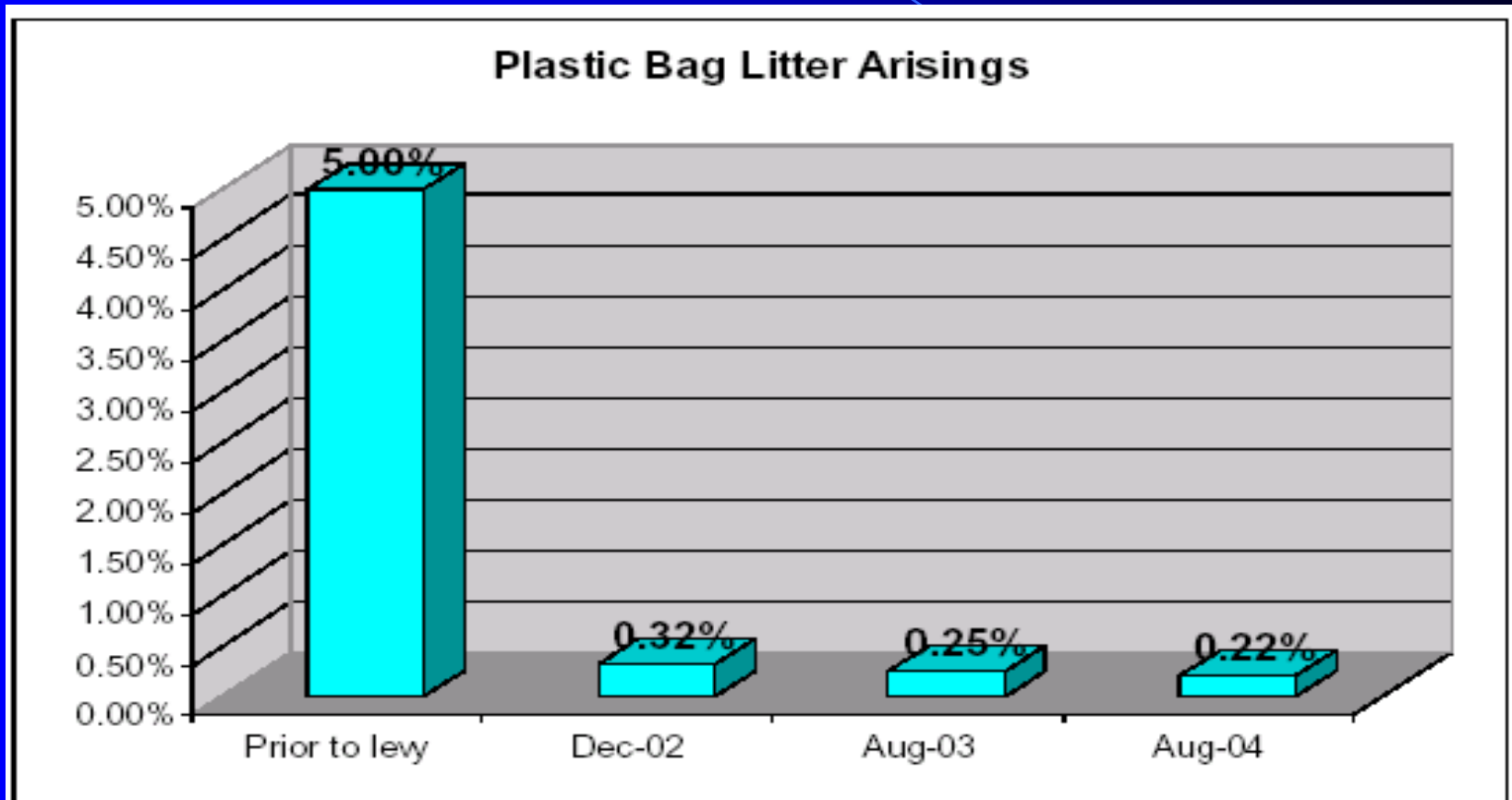
- Local authorities – responsible for enforcing application of levy at point of sale (spot-checks) – existing powers
- Revenue Commissioners responsible for collection of levy due from retailers

Impact

Plastic Bag Volumes



Impact (2)



Source: The National Litter Pollution Monitoring System

Concluding Remarks

- Dramatic change in consumer behaviour re shopping practices i.e. change to using reusable bags
- Immediate circa 94% reduction in plastic bag consumption
- Corresponding positive impact on problem of visual nuisance litter
- Pre levy consumption – 340 bags/inhabitant/year
- Post levy consumption – 20 bags/inhabitant/year
- €46m proceeds to date (landfill levy has generated €89m) – all for environmental purposes.
- Proceeds used for - waste infrastructure (capital & operational costs), stepped-up enforcement, intensive waste awareness campaigns etc

Concluding Remarks (2)

- Ring-fencing of proceeds has assisted in public acceptance of measure
- Levy has been major help in raising awareness of waste management and other environmental issues
- Success assisted by available substitute – reusable bags
- Experience with levy shows that well targetted and designed economic instruments can be used to provide incentives for certain desired environmental behaviour

Concluding Remarks (3)

Overall conclusion

- Has caught public imagination
- Yes, a successful and positive environmental initiative

Further Information

Department of the Environment, Heritage & Local Government
Waste Prevention & Recovery Section
Custom House
Dublin 1
Ireland

Seán O'Súilleabháin

Phone: + 353 1 888 2741

E-mail: sean_o'suilleabhain@environ.ie

Mary O'Keeffe

Phone: + 353 1 888 2708

E-mail: mary_o'keeffe@environ.ie

Fax: + 353 1 888 2994

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