

# Pwyllgor Deffwriaethol Rhif 4

*Nid yw'r dudalen ar gael yn y Gymraeg*

**LC4(3)-07-10 : Paper 4**

## **Proposed Waste (Wales) Measure**

### **Written Evidence to Legislation Committee 4 submitted by The Co-operative Group**

The Co-operative Group is the UK's largest mutual retailer. It is the fifth largest food retailer, the third largest retail pharmacy chain, the number one provider of funeral services and the largest independent travel business. It also has strong market positions in banking and insurance. The Group employs around 114,000 people, has 5.5 million members and around 4,900 retail outlets.

We are the largest community food retailer in the UK with more than 2,200 stores, 52,000-plus employees and an unparalleled position at the heart of thousands of communities. Predominantly focusing on the convenience and supermarket sector, the key aim of this business is to create a strengthened co-operative retail offer that will generate sustainable profits and provide improved services to members and customers.

As noted above, The Co-operative Pharmacy is the third largest pharmacy business in the UK with nearly 700 outlets and 5,000 employees. It offers a wide-range of services including free prescription collection, free medicines' check and free confidential consultations - eg: weight management and smoking cessation services.

### **The Co-operative Food Retail and The Co-operative Pharmacy - Wales**

The Co-operative has been operating food stores across Wales for over a century. The Co-operative Food has over 160 stores in Wales. The Co-operative Pharmacy is the largest community pharmacy chain in Wales has over 100 stores. With the food and pharmacies businesses combined, we employ over 4,000 staff. We serve over 1 million customers a week in Wales in our food stores and have over a quarter of a million members.

### **Proposed Waste (Wales) Measure - Summary of The Co-operative Group Position**

We think that the provisions of the Measure concerning the 'destination of proceeds' are unnecessary and overly bureaucratic. We would prefer to see a voluntary approach regarding the distribution of any net proceeds of a charge on single use carrier bags.

#### **1. Is there a need for a proposed Measure to deliver the stated objectives of making provision to reduce the amount of waste and litter in Wales and contributing to the development of more effective waste management arrangements in Wales?**

The Co-operative supports the need to reduce the numbers of single use carrier bags. We also support the need to promote behavioural change to encourage the use of more durable bags, for example our Fairtrade cotton carrier bag was the UK's first to be launched by a supermarket. We have reservations, however, about the effectiveness of the mandatory scheme potentially established by this Measure - specifically whether it will achieve the stated objective of a reduction in the amount of waste and litter in Wales.

We believe that voluntary action has produced excellent results so far, and should be given time to produce further reductions in bag use rather than introducing a charge for single-use carrier bags. It is our experience that customers respond best to positive encouragement rather than the imposition of financial penalties.

For example, in 2009, the Co-operative reported a 60% reduction in the number of single use carrier bags distributed compared with 2006, with 334 million bags being distributed in 2009. The numbers for Wales, which are much less robust than the UK total figures, show a reduction of over 70% with 16.6 million bags being distributed in 2009.

This was achieved through a number of initiatives including:

The launch, in February 2007, of a reusable Fairtrade cotton carrier bag. As of July 2009 1.8 million of these have been sold.

Prominent display of reusable bags at checkouts;

Removal of single-use bags from prominent display at checkouts from April 2008 and training of employees to ask customers if they need a bag; and

Use of in-store signage, radio and till-screen messages on the benefits of reducing carrier bag usage, in a number of stores in November

2008.

Our opposition to the introduction of a charge for single use carrier bags is covered in more details in our written response to the Welsh Assembly Government (WAG's) Consultation Paper in September 2009. This response is attached as an Appendix to this paper.

## **2. How will the proposed Measure change what organisations do currently and what impact any such change will have?**

We would like to reserve judgement until the regulations governing the levy are released later in the year. In the absence of specific details of the operation of the scheme we are unable to undertake the detailed analysis necessary to make a proper judgement.

## **3. Are the sections of the proposed Measure appropriate in terms of achieving the stated objectives?**

In considering this question, consultees may wish to consider the nature of the provisions in the proposed Measure that:

a) require retailers to apply the net proceeds of revenues raised from the sale of single use carrier bags to specific environmental purposes or bodies (sections 1-2)

We find the 'specified purposes' identified under the section 1 (2) dealing with 'Destinations of Proceeds' too specific - focusing on waste reduction and pollution - and would prefer a more expansive set of 'specified purposes' covering 'environmental projects'. It is unclear at the moment exactly what sort of projects might be within scope.

There are a number of valuable environmental projects currently supported by the Co-operative in Wales that would be worthy recipients of any proceeds raised from the sale of single use carrier bags. These include 'Green Energy for Schools', which provides schools with renewable energy equipment such as wind turbines and solar panels. We believe that these could benefit under the existing definition of 'specified purposes' used in the Measure but would welcome clarification and guidance.

If the Measure is to proceed, therefore, we believe that the 'specified purposes' should be expanded to include initiatives that can help reduce greenhouse gas emissions. The Committee may also wish to consider whether it is necessary to restrict the 'destination of proceeds' purely to initiatives based in Wales. Many trans-boundary campaigns can have an effect on the environment of Wales without money having been spent wholly within the Principality.

As a community based retailer we believe that it is important that communities where revenue from the scheme may be collected should enjoy some discretion with regard to how proceeds of the scheme are spent rather than it being determined centrally by an overly prescriptive scheme.

Our members determine the way in which the Co-operative allocates money to community projects. In 2008, The Co-operative gave £11.5m to the community - equivalent to nearly 10% of our pre-tax profits. We also undertook the largest ever community consultation by a UK business, giving our three million members the opportunity to inform The Co-operative's community investment programme.

In total, over 50,000 questionnaires were returned. The prescriptive nature of the 'specified purposes' established by the Measure would make it more difficult for this community led investment to take place in the future.

We would welcome guidance indicating the kinds of environmental projects that might be supported. We would also suggest that it would be best practice for retailers to make information available to customers about the projects supported on a regular basis.

Transparency of the scheme is essential if the charge is not to be viewed as a stealth tax by the Welsh Assembly Government or an unreasonable charge imposed by retailers.

We are encouraged that the Measure does not provide for the establishment of a third party, as was initially proposed, who would be responsible for the distribution of funds raised through the levy. In our opinion this would have been an unnecessarily bureaucratic move - interfering in the relationship between the communities where funds are raised and spent.

b) establish waste targets (sections 3-8), particularly in relation to:

recycling, preparation for re-use and composting targets (section 3);

regulations about penalties (section 4);

monitoring and auditing compliance with targets (section 5);

regulations about penalties (section 6);

consulting the Environment Agency, each local authority and appropriate Welsh Ministers (section 7);

guidance administered by Welsh Ministers (section 8).

The Co-operative is committed to reducing the environmental impact of our operations through out the UK.

We have two specific concerns about the proposals on waste targets:

A ban on certain materials being sent to landfill without matching bans in the rest of the UK has the potential to lead to the movement of waste out of Wales to landfills elsewhere within the UK. This movement of waste will simply move the 'problem' elsewhere and increase emissions and traffic. We believe that waste should be processed as close as possible to where it is produced.

We are also concerned that setting recycling targets for local authorities without support for improved infrastructure can only lead to more claims that retailers do not make their packaging recyclable. The reality is that much of the packaging used is recyclable but is not collected for recycling.

c) Make regulations to prohibit the deposit of waste in a landfill (sections 9-11), including;

Civil sanctions (section 10); and

Consultation (section 11)

No comment.

d) Establish plans for the management and disposal of site waste and penalties in relation to failure to comply with these provisions (sections 12-13)

No comment.

e) Make general provisions (sections 15-20), particularly in relation to:

Interpretation (section 15)

Orders and regulation: procedures (section 18)

No comment.

**4. What are the potential barriers to implementing the provisions of the proposed Measure for organisations, if any and does the proposed Measure take account of them?**

No comment.

**5. What are the financial implications of the proposed Measure for organisations, if any? In answering this question you may wish to consider Part 2 of the Explanatory Memorandum (the Regulatory Impact Assessment), which estimates the costs and benefits of implementation of the proposed Measure.**

No comment

**6. Are there any other comments you wish to make about specific sections of the proposed Measure?**

In our experience, voluntary rather than mandatory approaches are the most appropriate mechanisms to deliver change in policy areas of this kind. Retailers are acutely aware of the views and likely responses of their customers on whole range of issues and are, therefore, best placed to design and deliver schemes that can help reduce the amount of litter and waste in Wales. If unnecessary burdens upon business are to be avoided the Welsh Assembly Government should adopt a voluntary approach wherever possible.

April 2010

For further information, please contact Iain Ferguson at:  
[iain.Ferguson@co-operative.coop](mailto:iain.Ferguson@co-operative.coop)