

# Legislation Committee No 4

**LC4(3)-05-10 : Paper 1: Written evidence from Boots**

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

### **Written Evidence to Legislation Committee 4 submitted by Boots**

#### **Overview of Boots in Wales**

With more than 2,000 employees in Wales, over 100 retail and pharmacy stores and a presence in most high streets, Boots is a key part of the Welsh economic and business community. Boots has a shared sense of responsibility for our community, our environment, our marketplace and our workplace. Boots operates 14% of all community pharmacies in Wales.

Boots is part of Alliance Boots who also have other operations in Wales. Alliance Healthcare Distribution Ltd (formerly Unichem) operates a Distribution Centre in Fforestfach, Swansea. The centre currently employs over 200 people and services every one of the more than 700 community pharmacies in Wales. Through our network of Boots pharmacies as well as the independent pharmacies supplied by our wholesale division, Alliance Healthcare, we reach people in every part of Wales.

In 2007 Boots established its global product development centre in the Institute of Life Sciences in Swansea University. The Boots Centre for Innovation has already generated multi-million pound benefits to entrepreneurs from Made-in-Wales new products now on the shelves of Boots stores in the UK and overseas.

Boots is committed to making high quality healthcare more accessible and helping to tackle health inequalities through our network of community pharmacies in town and city centres and in rural communities. We are conscious of our responsibilities to the communities we serve. We provide support for targeted local projects through our regional, national and international activities.

Our mission, in line with that of the Welsh Assembly Government, is to develop innovative healthcare products and services to help people manage their own health and live healthier lives. As a leading high street retailer, building thriving and sustainable communities through partnerships is central to our long-term strategy. We have strong partnerships with local authorities, town centre managers and other business organisations.

We are a founder member of the Association of Town Centre Management (ATCM) and continue to work closely with town and city centre managers across Wales. We have led the retail community in shaping the development of Business Improvement Districts (BIDs) across the UK, and are an active member of Wales' first BID partnership responsible for Swansea city centre.

We are committed to reducing substantially our carbon footprint and we are implementing a range of initiatives to continually improve the sustainability of our business. Our environmental policy, which is available on our website [www.boots-uk.com](http://www.boots-uk.com), drives these initiatives such as:

Upgrading our delivery fleets to vehicles which are more carbon efficient and reduce delivery miles;

Reducing energy consumption across our retail outlets, warehouses and offices;

Reducing the amount of waste created and sent to landfill;

Reducing packaging for our own brand products;

Assessing and reducing carbon output throughout a product's lifecycle;

Supporting customers to use our 'bags for life' and aiming to continue to reduce the amount of single-use bags given out in our stores.

Boots also supports the sustainability of the heritage and culture of Wales and is a member of the Welsh Language Board's Cefnogi'r Gymraeg : Investing in Welsh initiative. Our new Welsh Language Policy was launched at the National Eisteddfod in Bala in August 2009 and is displayed in our stores in Wales.

Boots submitted a written response to the Welsh Assembly Government (WAG)'s Consultation Paper in September 2009. This Response is attached as Appendix One to this paper. Boots is accustomed to the iterative process of policy development in WAG and the statutory requirement to consult with business as part of policy development. As such Boots has engaged in consultation meetings on the WAG's proposals for a compulsory charge on single use carrier bags on 14<sup>th</sup> July 2009 in Cardiff, in September 2009 in Llandudno and in Swansea and on 12<sup>th</sup> January 2010 in Cardiff. We are also aware of the Ministerial statement on the policy on 3<sup>rd</sup> November 2009.

One of the aspects of the debate that is evident from these discussion, and that is of concern to Boots, is that the emphasis is not sufficiently on the most effective way of reducing shoppers use of harmful carrier bags, but the emphasis is too often on ways of raising additional funds from businesses for government favoured environmental projects. There have been no opportunity in any of the consultations meetings attended by Boots when reduction in carrier bags has itself been considered as an environmental project and objective consideration given to the best way of achieving this in Wales. We have a concern that expectations have been raised amongst environmental groups in Wales that they will receive substantial sums of money from this compulsory charge. But if the policy is intended as primarily an environmental measure and not primarily a funding raising measure, then success should be assessed as reduction in use by customers of carrier bags and not in funds raised for external groups.

Boots experience in working with our customers does not lead us to believe that a compulsory charge required by government will be more effective in reducing their use of carrier bags than the existing voluntary arrangements in place to reduce bag usage. From this viewpoint we do not think this Measure, or any of the anticipated accompanying legislation to impose a compulsory charge, is necessary to achieve the objective of reducing carrier bag usage.

The Waste Measure covers a plan by WAG to implement further statutory requirements onto businesses if they do not comply with operations that are to be introduced in a separate set of Regulations to be introduced by WAG under the Climate Change Act. Boots are also involved with others in Community Pharmacy Wales on discussions with WAG lawyers on the exact terms of implementation of an exemption from the compulsory charge for community pharmacy as agreed by the Minister in principle on the grounds of patient safety and confidentiality. It is difficult to assess the effect of this Measure when the main legislation under which the policy will be introduced is still under consultation with stakeholders. We believe it would be more appropriate for Sections One and Two of this Measure dealing with Single Use Carrier Bags to be postponed for consideration and scrutiny until after the details of WAG's proposed scheme are known and the Regulations under the Climate Change Act are published.

In this paper Boots addresses its comments mainly at Sections One and Two on Single Use Carrier Bags. Boots are members of the British Retail Consortium Environment Policy Advisory Group at UK level and we concur with the comments made by the BRC in their response on the other sections of this Waste (Wales) Measure.

## **Key Consultation Questions**

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 Measure seeks to implement only one part of the carrier bag charge proposals that would give WAG power to establish a new government post of Administrator and require any surplus proceeds are paid to environmental projects identified by Welsh Ministers. Boots has no evidence to believe that these specific aspects of the proposals will achieve the stated objectives of reducing shoppers' use of carrier bags. On the contrary, it is Boots experience that customers respond better to positive encouragement than to negative penalties.

Our experience in operating stores in the Republic of Ireland, where a levy is in place for plastic carrier bags, is that the carbon footprint has increased as shoppers have bought more plastic bin liners, nappy bags and other plastic bag products to use instead of plastic carrier bags and stores use paper carrier bags in place of plastic bags. But in England and Scotland where there are voluntary arrangements between government, retailers and shoppers to encourage reusing bags, then usage of plastic and other single use carrier bags has come down significantly.

Our strategy has been to take action that reduces the impact of carrier bags on the environment whilst still focusing on the needs of our customers. Our customers have endorsed our strategy, including our commitment to issuing less single use carrier bags, with 76% saying it is important for businesses to have a policy on cutting the use of carrier bags (Source UK Health & Beauty Customer Insights Survey June 2007).

In 2007, Boots entered into a voluntary agreement with the UK government's Waste and Resources Action Programme (WRAP) to reduce the overall environmental impact of our carrier bags by 25% by the end of 2008.

Boots action against carrier bags is five-fold:

Boots UK staff are briefed to question bag requirements at till point - Customers are asked if they need a bag not if they would like a bag, this produces a more thoughtful response from the customer and reduces the number of bags taken.

Rationalising our existing bag range - discontinuing some sizes and replacing others with 15% smaller bags. We have discontinued bags from our range of bags that are no longer appropriate, and now have a range consisting of only four bags, and store colleagues are asked to ensure they use the smallest bag appropriate to the purchase being made should our customer want a bag.

We have reduced the size and plastic content of the range. The four bags in our range have been resized to ensure they are fit for purpose, but use the minimum amount of plastic in their construction. We have increased the amount of recycled plastic content used in some of our bags.

Launching our "Gorgeous" reusable cotton bag in early 2008 as an alternative to traditional plastic carrier bags. Profits from sales of The Gorgeous Bag are donated by Boots to cancer charities.

We developed a 100% recycled plastic bag. We have produced a reusable bag made from 100% recycled plastic, which we sell to our customers for 10p, and encourage reuse of this bag by offering an Advantage Card point every time it is reused.

Together these initiatives enabled us to exceed our commitment by the end of 2008.

How will the proposed Measure change what organisations do currently and what impact will any such changes have?

Boots wish to continue to work with our customers to reduce overall usage of carrier bags. As a business we will comply with whatever statutory requirements are placed on us.

Boots intends to donate any surplus proceeds from the proposed compulsory charge to the Welsh work of our existing partnership charities which focus on our business sector of healthcare. We believed that we would be able to do this under the WAG proposals after the Ministerial statement on 3<sup>rd</sup> November 2009. At this time the Minister was helpful in stating "I have decided not to proceed with its recommendation to direct proceeds through a third-party body at this point for several reasons. The voluntary approach requires retailers to pay over the net profit from the charge but maximises retailer discretion and choice about where the revenue goes, and it endorses the work of those retailers that are already ahead of the game on charging and that have well-established funding links with good causes. Many retailers have chosen non-environmental charities to benefit, for example, Macmillan Cancer Support, and we would not want to cut across those arrangements. The voluntary approach will maximise the funds available for good causes. If the moneys were directed through one single body, arrangements would need to be in place to collect as well as distribute the moneys, and the set-up and administrative costs would be higher."

Boots are unclear how success of a compulsory charge will be judged by WAG and what would constitute a trigger for Welsh Ministers to decide to activate the current Measure. If the objective of the policy is to reduce use of environmentally harmful single use carrier bags then lack of success would be judged on numbers of carrier bags. However, we get the impression that the intention is that lack of success which would trigger this Measure would be based on how retailers distribute any proceeds and to which charities. We do not believe this is reasonable as it is not related to the main objective of reducing bag use. It would seem to be possible, as the Measure currently stands, that Boots could implement the scheme as outlined and distribute any proceeds to the Welsh work of its existing charity partners and yet still be penalised by activation of the Measure so that Welsh Ministers would divert funds into other specific environmental projects. As the Measure stands neither Boots nor other retailers would know what would trigger the Measure. This is unhelpful to retailers and unfair to our customers.

Are the sections of the proposed Measure appropriate in terms of achieving the stated objectives?

There are 3 specific issues which we believe could more helpfully be covered in Sections One and Two of the Measure and on which the Measure is currently silent.

There is no definition provided in the Measure of what will be considered a Single Use Carrier Bag. While this is currently still under discussion between WAG and stakeholders, it would be helpful for the operation of this measure in future that the same definition is used as the term "Single Use Carrier Bags" is not an existing one in consumer or trades description law.

There is no definition of what would constitute the trigger for this Measure being activated. This means there is no way of retailers knowing if their operation of the compulsory charge and donation of its proceeds is likely to be able to continue or whether Welsh Ministers will trigger this Measure and seek for diversion of funds from existing charities to WAG selected environmental projects. This creates uncertainty for retailers and for our partnership charities. This also opens the possibility of future Welsh Ministers, at a time of pressure on public funds, being able to use activation of the Measure as a means of providing funding for specific environmental projects and so treat the policy as a source of revenue rather than a bag reduction project.

There is no definition of the costs of operation of the compulsory charge that can be retained by retailers to cover their own costs of operation of this policy prior to calculation of the amounts available for donation to charities. This is currently (17.03.2010) still being discussed in consultation between WAG and retailers. Agreed retailer costs we understand are likely to include: costs of bags, necessary IT systems to establish and implement charge, necessary administration to establish and implement charge, training of staff, required record keeping and publication, required liaison with Trading Standards Officers. It would be helpful if the Measure provided for the retailers' costs that are agreed under the Climate Change Act Regulations are also applicable under this Measure. Without this there may be a danger that retailers would have the additional work and cost of changing the main operation of the charge and the costs and reporting of it when this Measure is activated as well as redirecting charitable donations.

## **Boots Charity Partnerships**

Boots works in partnership with a number of charities to increase awareness of the causes that matter to our customers and our people. During 2008/09 our colleagues helped to raise over £1.8million for our UK-wide charity partners through initiatives including the sale of specially designed products and employee fundraising.

As well as supporting charity partnerships with fundraising, our people raise money for a wide range of organisations that have personal relevance to them or their communities - either at work or in their spare time. Our volunteering programme, for example, offers employees the chance to participate in a wide range of community activities in working time, sharing their expertise and knowledge with local schools, charities and voluntary organisations. Where our people raised money for a recognised charity, they can boost their donation by applying for matched funding from our 'Make The Difference' initiative. This was recently the case, for example, with the Cardiff half marathon when a Boots team ran for LATCH, the Welsh Children's Charity.

There is a potential risk that government imposing charities or charitable projects as the beneficiaries of a charge on carrier bags will undermine and confuse effective company-wide strategies, which is not something we would endorse.

## **Customer Perception**

We also believe there is the unintended potential danger of customers perceiving the compulsory charge as effectively a tax if government determines both the level of the charge and specifically how the money is spent.

## **Further Information**

Boots appreciates this opportunity to give written and oral evidence on the Waste (Wales) Measure and is happy to provide further information that may be helpful to the Committee's considerations.

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Boots welcomes correspondence in either Welsh or English.

## **Appendix**

Response to Welsh Assembly Government consultation on

"Proposals for a charge on single use carrier bags"

Submitted by Boots to Welsh Assembly Government September 2009