



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Iau, 27 Mai 2010
Thursday, 27 May 2010**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau pwyllgor yn bresennol
Committee members in attendance

Alun Davies	Llafur (yn dirprwyo ar ran Lorraine Barrett) Labour (substitute for Lorraine Barrett)
Angela Burns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Chris Franks	Plaid Cymru The Party of Wales
Andrew Davies	Llafur Labour
Brian Gibbons	Llafur Labour
Ann Jones	Llafur Labour
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Jane Davidson	Aelod Cynulliad, Llafur (Y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai) Assembly Member, Labour (The Minister for Environment, Sustainability and Housing)
Prys Davies	Adran yr Amgylchedd, Cynaliadwyedd a Thai, Llywodraeth Cynulliad Cymru Department for Environment, Sustainability and Housing, Welsh Assembly Government
Jasper Roberts	Adran yr Amgylchedd, Cynaliadwyedd a Thai, Llywodraeth Cynulliad Cymru Department for Environment, Sustainability and Housing, Welsh Assembly Government
Clifford Parish	Rheolwr Gwaith, Rheoli Gwastraff a Glanhau, Cyngor Bro Morgannwg Operational Manager, Waste Management and Cleansing, Vale of Glamorgan Council

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

John Grimes	Clerc Clerk
Catherine Hunt	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.25 a.m.
The meeting began at 9.25 a.m.

Ymddiheuriadau a Dirprwyon
Apologies and Substitutions

[1] **Angela Burns:** Good morning, everyone, and welcome to this morning's meeting of

the Finance Committee on Thursday, 27 May. Before we start, I would like to run through some brief housekeeping arrangements. I remind you that you are welcome to speak in Welsh or English, and that headsets are available for translation. Please switch off all mobile phones. If the fire alarm goes off, please follow the instructions of the ushers. We have received apologies from Lorraine Barrett and Janet Ryder. We welcome Alun Davies as the substitute for Lorraine.

9.26 a.m.

**Goblygiadau Ariannol y Mesur Arfaethedig ynghylch Gwastraff (Cymru)—
Tystiolaeth gan y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai
Financial Implications of the Proposed Waste (Wales) Measure—Evidence from
the Minister for Environment, Sustainability and Housing**

[2] **Angela Burns:** I also welcome our witnesses this morning. We have before us the Minister for Environment, Sustainability and Housing, who will be discussing the financial implications of the Proposed Waste (Wales) Measure. Minister, I ask you to introduce yourself and your colleagues for the record and ask whether you would like to make a brief opening statement before we go into questions.

[3] **The Minister for Environment, Sustainability and Housing (Jane Davidson):** I am Jane Davidson, the Minister for Environment, Sustainability and Housing. On my left is Prys Davies, who is head of legislation in our department. On my right is Jasper Roberts, who is head of all the issues relating to waste and local environmental policy.

[4] **Angela Burns:** Are you happy for us to go straight into questions?

[5] **Jane Davidson:** Yes.

[6] **Angela Burns:** Kirsty, would you like to kick off?

[7] **Kirsty Williams:** Minister, do you consider it prudent to have brought forward the proposed Measure without being able to provide a detailed regulatory impact assessment of the specific financial implications of all the proposals contained within the proposed Measure?

[8] **Jane Davidson:** Yes, we do, and we explained that to the legislation committee in some detail. It includes a cost-benefit analysis for each of the four areas contained in the proposed Measure, but with the exception of the introduction of statutory targets for recycling, which will be introduced directly as a result of the Measure. In the other areas that are covered, the proposed Measure provides the power for us to introduce further regulations that will be subject to their own further regulatory impact assessments. Essentially, this proposed Measure is a tidying-up piece of legislation—a sort of miscellaneous provisions Bill in the area of waste. The areas covered by the proposed Measure, in fact, generally affect different sectors.

[9] **Kirsty Williams:** With all due respect, one would have thought that a Minister bringing forward a piece of legislation, whether it was overarching or not, would have the end goal of the policy objective in mind. Even if we do not have the regulations yet, surely it is not beyond the Government's wit to approximate the cost of delivering future regulations and policy objectives and to assess whether that provides this country with good value for money.

[10] **Jane Davidson:** We have been very clear in developing the financial considerations because we believe that we need to be accurate in this agenda. In the context of the statutory

targets in relation to recycling, there is very detailed information. In the context of the single-use carrier bags, we have no plans to implement the relevant provisions of the proposed Measure if the voluntary agreement with retailers on the use of net receipts from the charge is successful. In the context of site waste management plans, we will be consulting in the autumn of this year on the draft regulations, including a full cost-benefit and impact analysis. In fact, our single-use carrier bag consultation, with its own regulatory impact assessment, goes out next week. We have detailed regulatory impact assessments related to the regulations.

[11] **Kirsty Williams:** Could you say that again? What goes out next week?

[12] **Jane Davidson:** The detailed consultation on single-use carrier bags.

[13] **Angela Burns:** Andrew, did you want to come in on a quick supplementary?

[14] **Andrew Davies:** Yes. It has been a long-standing complaint of the business community that there has been a failure on the part of the National Assembly and the Welsh Assembly Government to interact on the impact of policies. I am just following up Kirsty's point that the Confederation of British Industry, in its evidence to the legislation committee, said that the regulatory impact assessment that has been done so far is just on the regulation of the disbursement of proceeds from the carrier bag charges. The CBI has yet to see an RIA on the other aspects, which, as the Minister just said, will be provided later. That concerns me because I doubt whether that is good practice.

9.30 a.m.

[15] Secondly, I think that there is an emerging pattern of the Government introducing a broadly worded proposed Measure and then having the detail issued by Ministers in regulations. There is a case for saying that the cart is being put before the horse here. There may well be significant financial implications for business, local authorities and others, as the Welsh Local Government Association pointed out, and I do not think that this is a good idea, as far as good practice and good governance are concerned. That is important because, at the moment, we do not know what the financial implications will be, either for retailers or for local government, if regulations are introduced subsequent to the Measure. I wonder what the Minister feels about that.

[16] **Jane Davidson:** We have to remember that the reason the proposed Measure has come forward now is because it took us much longer than we anticipated to get the legislative competence Order through the appropriate processes. I made it clear in the Order that there were policy objectives for the Assembly Government in a number of areas that we would want to take forward as early as possible in a proposed Measure. The CBI, in its evidence, makes it clear that, in the context of single-use carrier bags, the purpose of the legislation—namely, to reduce usage—is achieved by charging customers a fee, and is not to do with the destination of the resulting money. That is a point that we absolutely agree with. That is why I say that, although this proposed Measure contains the power to introduce a mandatory charge if a future Assembly Government chose to do so—because that was a request of the committee that we were happy to endorse—we have also indicated that, subject to a voluntary agreement working effectively, there would be no need for such a charge to be introduced. This proposed Measure is taking forward the policy objectives of the Assembly Government while ensuring that a future Assembly Government has the powers to introduce the next stage of the process.

[17] Throughout this process, we have said that we want to work with the CBI to make the voluntary charge work, and the CBI agrees. In that context, the consultation on the regulations, with the full impact assessment, will be going out on June 4. The consultation on

the site waste management plans, which of course affect a completely different sector, includes a full cost-benefit and impact analysis and will be going out in the autumn. That is why I made the point at the beginning that it is, in a sense, about miscellaneous provisions, because different sectors are affected by different elements of the four aspects of this proposed Measure.

[18] **Andrew Davies:** I hear what the Minister says, but the principle is being conceded that, if a voluntary charge is not successful, a statutory scheme will be introduced. What the CBI and others, including the WLGA, are saying, is that the RIA on the financial implications of implementation, as opposed to the disbursement of the revenue, will happen only subsequent to the Measure's being passed. It is bad practice for Government—and I say this as a former Minister—to introduce broad proposed Measures where the devil is in the detail and for that detail to become known only when Ministers subsequently introduce regulations.

[19] **Kirsty Williams:** Is it not the case, Minister, that it is practically impossible for you to bring forward an adequate assessment of costs at this time? As Andrew has correctly said, the devil is in the detail and, to date, so much of the detail is missing, right the way across the legislation, with regard to each of the four distinct aspects of it. The Government has yet to decide who will be affected by much of this, who will fall within the legislation, who will fall outside it, and who will regulate, implement, check and monitor all this.

[20] The Government has yet to decide any of that detail. Therefore, it is impossible to look at the cost profiling of the private sector, because elements of the private sector will not know whether they are included or excluded from this legislation, and bodies such as local government or the Environment Agency do not know what the costs will be to them because it is yet to become clear whether they will be required to implement or monitor this legislation. I agree with Andrew that it is simply bad practice on the part of the Government to expect the Finance Committee to comment on the financial robustness of legislation, as is its statutory duty. We cannot do so, because so much of the legislation is incomplete in the sense that it will be dealt with by regulation, and there is no guarantee that all the regulations that come forward will use the affirmative procedure. Some of the regulations will be passed under the negative procedure.

[21] **Jane Davidson:** I have two things to say in response to that. Where the proposed Measure is introducing legislation to fulfil the Assembly Government's policy for taking action, we have provided the full financial information, and that is what I would expect the Finance Committee properly to scrutinise in that context. However, legislation has historically also been used to be enabling. In this proposed Measure, we have also used those enabling opportunities. That is also a perfectly legitimate form of legislation. Where you use enabling opportunities, clearly, the further detail comes when the Government does or does not introduce regulations on the back of that legislation.

[22] There are two areas in which we are looking actively at policy, and you will have a chance to scrutinise those, through the regulations and the regulatory impact assessment in the context of site waste management plans and single-use carrier bags. The landfill element of this is out for consultation until 10 June, on a joint England-and-Wales basis. The costs and benefits of any landfill ban or restriction would vary hugely, depending on what one decided to ban or restrict. We cannot answer that question until there has been a proper response to the consultation. The world does not stop; we must always ensure that we take the opportunities available to us to fulfil overarching agendas for the Assembly Government, which, in the context of waste, are about fulfilling our sustainability duty and diverting as much waste from landfill as possible. It is not true to say that, in the areas where we are putting detailed information in front of the Assembly, people do not know what their responsibilities are. They are clearly laid out.

[23] **Angela Burns:** Alun wants to ask a quick supplementary question, and then Brian wants to come in on this.

[24] **Alun Davies:** I understand the point that you are making, Minister, but I would argue that what we are discussing here is not detail. The movement from voluntary to statutory involves a fundamental framework of the law, and it is an issue particularly for anyone who has to operate within any new statutory framework. I have spoken to a number of people who produce plastic bags and retailers who have great concerns about the cost implications of this. You use the word 'historic'. Over the past three years, we have had a number of Ministers coming to the committee seeking framework powers and explaining that regulations will be subject to a regulatory impact assessment when brought in. By their very nature, that happens under the radar. There is a real issue here that, as the Finance Committee, we are unable to scrutinise legislation properly because of its nature as a framework only. That is a much wider point than simply this proposed Measure, although it is an example of that. As a committee, we and you will probably need to debate that in future.

[25] However, I would say to you, Minister, that I was a member of the Sustainability Committee, which visited Ireland to examine these matters, and we found that the introduction of the statutory code had had a considerable impact on retailers and manufacturers. Addressing that really should be part of this legislation. If it is not, we should seek additional primary legislation to implement a move to a statutory basis, enabling that discussion to happen at the time.

[26] **Jane Davidson:** It is important to point out that there are detailed costs available on single-use carrier bags. As the CBI itself has said, the issue of where the net proceeds go is separate from the charge itself.

[27] **Brian Gibbons:** We have got to be realistic. There are some questions on, for example, landfill targets, where the future capacity is absolutely dependent on the implementation of the legislation. If we are to believe the Vale of Glamorgan Council—and we will meet council representatives later—it could take 15 years to develop the infrastructure. So, I do not think that it is realistic to expect a regulatory impact assessment that will anticipate some of these costs 15 years hence. There has to be some sort of balance. Given that you are to consult on the charging element for single-use carrier bags, I think that the CBI has a reasonable complaint that it had to submit evidence on the proposed Measure when some work needs to be done at least to give a better feel for some elements of the costing. So, we must be proportionate, but I think that there are some legitimate concerns. The challenge for this committee is to be more engaged in the regulations process. We have chosen to look only at proposed Measures, and, as Alun said, the detail on the costs are very often in the regulations, which go under the radar. Perhaps we as a committee need to consider that, rather than expecting the Minister to provide the information in every instance.

[28] **Angela Burns:** That was a point well made. Kirsty, do you have any further questions?

[29] **Kirsty Williams:** Yes, I want to ask about the principle with regard to the costs to local authorities for implementing this. In the past, the Government has had an agreement with local authorities that new responsibilities placed on them will be fully funded by the Assembly Government. Do you intend to continue that approach if additional costs are placed on local authorities as a result of the regulations that would fall out of the proposed Measure?

[30] **Angela Burns:** Are you referring to the Essex-Jones agreement?

[31] **Kirsty Williams:** Yes.

[32] **Jane Davidson:** We fund local authority waste budgets to about 80 per cent. We have been working very closely with local authorities since 2007. We have a joint programme board, and we have a three-Ministers group to develop this agenda. Both the former Ministers who are now members of this committee sat on that group to provide the links to finance and local government, and I provide the environmental perspective. The critical element for the future—and it also relates to costs for the future—is that the landfill tax is rising dramatically. It increases each year, and there are cost-benefit analyses, which have been made available to you through the Eunomia report, that show that there is a clear benefit to moving away from landfill. The Assembly Government is supporting that, so the financial cost savings from the adoption of good practice—through avoided gate fees and landfill tax, and the fact that recycle generates its own income stream—are all positive elements for local authorities.

[33] **Ann Jones:** Your explanatory memorandum includes estimates of the cost of imposing a duty on retailers to pay money to specified purposes or bodies. How did you arrive at those estimated costs?

[34] **Jane Davidson:** There are two main types of cost. First, there is a compliance cost to businesses and projects, and, secondly, there are public sector costs. As you say, those are explained in the explanatory memorandum. The administrative compliance costs are based on the typical management and administrative costs of charities, which have been estimated as being between 5 and 13 per cent of the proceeds. Adopting this range suggests administrative costs of between £130,000 and £385,000 for the net revenue. The costs to retailers include identifying and selecting a project, charity or organisation to pay the money to and the transaction cost involved in transferring the money. That was calculated using an estimated cost of £15 per return for a larger retailer and £30 per return for a small to medium-sized enterprise. Those estimates were based on the approach adopted in Scotland, on the basis of retailers making two returns in a year. However, the critical element of this is that the costs are deductible from the proceeds of the charge. So, for retailers, the delivery of this is cost-neutral.

[35] **Ann Jones:** Smaller retailers will probably suffer most because their business relies on someone popping in for a pint of milk and then finding something else they want to pick up while they are there, which means that they will need a carrier bag. Most people who do a weekly shop in the supermarket take their own bags or have their own way of loading their car and so on. So, smaller retailers will feel this most, and yet we are placing an administrative burden on them. First, they will have to charge for their carrier bags, and then they will have to do this return. Who will decide on the projects? What if someone wants the proceeds to go to a particular charity that is not in the scheme? How are we going to administer that element of it? How are we going to regulate who will monitor whether the small, or even the larger retailers, will adhere to the scheme once the regulations are in place?

[36] **Jane Davidson:** I am very happy to answer those questions, but none of those are matters for this proposed Measure. It comes down to the separation of the amendment to the Climate Change Act 2008 and the issues of the proposed Measure. The proposed Measure is about the direction of the proceeds and, therefore, although the returns costs would obviously be involved, the costs of enforcing a mandatory charge would not exist if we maintained the voluntary scheme. However, all the costs are deductible. We are working very closely with all the representative organisations of the retailers, including the Federation of Small Businesses. We have continued to work on the basis that retailers may support existing charities where they have those arrangements in place. That is what will happen under the voluntary charge. It is only if the charge becomes mandatory that we will have to look at specifying a set of outcomes, which would come through regulation. However, we, the retailers, the CBI and other membership organisations are all looking to make the voluntary system work and to encourage people to spend the benefit locally in their communities.

[37] **Angela Burns:** You are absolutely correct about the division between the proposed Measure and regulations, but, as the Finance Committee, we are very keen to look at unintended consequences and the financial repercussions of any future Measures. We must keep that on the horizon, because otherwise we would not be providing the service that we believe we should, hence Ann's question. Brian, do you want to come in on this?

[38] **Brian Gibbons:** Accepting the point you make in principle, you included the information in table 1 in the explanatory memorandum, which includes the voluntary option. You provide costs for compliance and administration for the retailer and charities, but you do not include any costs for the Assembly Government. In your paper, you say that you are incurring costs under the voluntary option because you are involved in discussions with retailers in setting up the voluntary scheme. So, presumably, those discussions involve a cost. In paragraph 8 of your paper to the committee, you estimate that the terms of monitoring the voluntary agreement are approximately £10,000. That seems to be very modest but, that aside, it would seem that table 1 should be updated on the basis of the evidence provided to the committee this morning. If table 1 had been fully populated when it was initially published, some of this morning's grief could have been addressed. I see that Prys is nodding, so I infer from that that table 1 will be updated with that information.

9.50 a.m.

[39] **Angela Burns:** Are you happy to do that?

[40] **Jane Davidson:** Yes.

[41] **Angela Burns:** Thank you.

[42] **Chris Franks:** When you comment on the costs to local authorities, the message that I am getting is that the cost will be almost negligible—barely measurable. It comes down to something like two hours a week. Across the whole country, we are talking about one full-time equivalent. How realistic is that, and how did you come to decide that an average authority would need only two hours a week to deal with this matter?

[43] **Jane Davidson:** There are two elements to this. The first is that, with the introduction of the charge, which, of course, is not part of this proposed Measure, all retailers will need to keep a record of the gross and net receipts and the use to which the net receipts have been put. Most retailers will need to publicise that information. That will be set out in more detail in the forthcoming consultation that we will launch next Friday. So, monitoring information will be available. The second is that financial estimates for monitoring and enforcement have been predicated on a complaints-led process, because there are many carrier bag levy schemes in other countries and compliance is always very high, so we do not anticipate that much of a resource should be put in place to address enforcement issues—that is certainly not the experience elsewhere. Retailers have been absolutely clear: they are responsible businesses, and they will not be looking to operate outside the law. That is why the work that we have been doing with retailers on the voluntary delivery of the scheme is very important.

[44] **Chris Franks:** What if there is a handful of retailers that are not responsible in each authority? What would happen then?

[45] **Jane Davidson:** Then we would need to ensure that the enforcement arrangements operate effectively. However, I think that the critical element, as with many things, is to ensure that there is appropriate communication, so that people understand their responsibilities.

[46] **Angela Burns:** Brian, do you have a very quick supplementary question?

[47] **Brian Gibbons:** Yes. I think that that is very important piece of information that will provide some reassurance to local authorities. Again, I would suggest that the explanatory memorandum could be clarified and elaborated in that regard. If that point is not in the explanatory memorandum, Chris's concern seems an inevitable consequence.

[48] **Angela Burns:** Would you be happy to do that, Minister?

[49] **Jane Davidson:** Yes, absolutely. It is in the explanatory memorandum, but we are happy to provide extra information.

[50] **Brian Gibbons:** The process of monitoring the scheme is going to be complaints-led.

[51] **Jane Davidson:** It has been a key part of this all the way through, but, once again, that is not an aspect of the proposed Measure, but of legislation under the Climate Change Act 2008.

[52] **Brian Gibbons:** Yes, but going back to table 1, these are the costs included in table 1. In fact, under the duty option in table 1, there is a figure of £45,000.

[53] **Jane Davidson:** Yes, and I am very happy to provide a note for clarification.

[54] **Brian Gibbons:** This goes back to Andrew's point. I think that many businesses and local government would have been reassured if this had been clearer. You say that it is there, and I will look at it again, but having read it twice it was not clear to me. I accept that the wording may be there somewhere. However, on the evidence that has been submitted to us, I would say that that has not been clear and that people have found it difficult to understand. We have heard evidence from the Vale of Glamorgan and Wrexham councils, and both have made the point that, from a local government point of view, the figures are very suspect. The fact that it will be a complaints-based procedure may explain the logic. However, it is clear that many people have not understood that.

[55] **Jane Davidson:** I must say that the evidence that I have seen from the Vale of Glamorgan Council was not about carrier bags at all.

[56] **Brian Gibbons:** They are talking about bureaucratic costs and it specifically says that one of its concerns about the legislation is that it will create a vast bureaucratic edifice, or something to that effect, that they are not being properly funded to administer.

[57] **Angela Burns:** The Minister is going to clarify that in the memorandum. Chris, do you have one more question? I am conscious of the time.

[58] **Chris Franks:** You have touched on the issue of communications, Minister. I think that you put a figure of £40,000 in the budget for communications. Can you explain the breakdown of this sum and why it will not be required in years 2 and 3?

[59] **Jane Davidson:** The estimate includes working with retailers and possible recipients of the net proceeds of the charge, subject to a mandatory charge being introduced. As I said earlier, we do not have plans, as the Assembly Government, for a mandatory charge to be introduced. However, in our response to the committee report, when the committee recommended that such a charge should be introduced, we indicated that we would be using the legislative opportunity to put a power in place for any future Government to do that, subject to the voluntary charge not working. This was a direct response to the work of an Assembly subject committee.

[60] The figure represents 10 per cent of the total budget for communicating the introduction of the charge itself, and it represents the cost estimated to ensure that all retailers would become aware of the requirement to pass on funds to specified projects. We have had substantial conversations with the retailers and their representative bodies on the introduction of the charge and the voluntary agreement. Therefore, we do not see that the communication costs associated with the introduction of the statutory requirement would be significantly higher. It would be helpful for the committee if Jasper—who has been heavily involved—were to say something about the way that engagement is happening with retailers.

[61] **Mr Roberts:** We have regular discussions with the retail sector and smaller retailers through the independent representative groups in the Federation of Small Businesses. The indications are that they are all up for maximum compliance, but they also want to do a lot of their own communication work, because they want to communicate in their own way to their customers what charities that they are supporting. They are committed to supporting the communications work through the proceeds of the charge, hence the 10 per cent calculation that we are proposing, to put something into the pot to assist with that work because there is a responsibility on Government, given that it has introduced the proposal. It would very much be a joint effort, and we are aiming to make it as cost-neutral as possible by netting off the proceeds of the charge. Every indication from discussions with the retail sector is that there will be full compliance. As the Minister says, they are all responsible bodies, hence the approach to enforcement, which is a purely complaints-lead process. The retail sector is satisfied with that approach.

[62] **Chris Franks:** I would like to apply the famous example of the chip shop in Chepstow, which is often quoted in other spheres. If I understand it correctly, you will not be speaking to the individual proprietor of that chip shop; you will be going through the trade association—the National Federation of Fish Friers, or what have you—and they will be doing much of the work. Is that what you are saying?

[63] **Mr Roberts:** That is what is happening at present; we are working with the representative organisations. When it goes live, we will have to ensure that communication goes down to every level, and we will be part of that. If people want to talk to them directly, we will talk to them.

[64] **Angela Burns:** I see that you have a question, Andrew. I hope that it is quick, because I would like to get on to waste.

[65] **Andrew Davies:** It is. In relation to costs, I am deeply reassured by what Jasper said, in that the FSB and responsible employers are looking at maximum compliance. I suppose that we would expect that anyway. I am looking at the costs, and the CBI, in its paper, says that the Government in Ireland spent €358,000 on an advertising campaign, and that the predicted cost in Scotland of an education and awareness campaign is £1 million to £2 million. Therefore, it is not just about liaising with retailers; it is about a big public awareness campaign. Some unkind people have called this the ‘WAG bag tax’. If it is going to be introduced in the next 12 months or so, just before an Assembly election, there is a need for an awareness raising campaign, which may cost more than £10,000.

10.00 a.m.

[66] **Jane Davidson:** The point is that the £40,000 in relation to the net proceeds, which is a matter for the proposed Measure, is 10 per cent of the money that we have allocated to the big campaign, which will be around £400,000 in the context of the major awareness raising over the next year prior to the introduction of the charge in March 2011, or thereabouts. We are actively running a major awareness campaign and learning not just from Ireland, but from other places that have introduced a levy. However, those are not matters for the proposed

Measure. I am very happy to be scrutinised on all these aspects, but it is important to be clear about which are matters for the proposed Measure and which are for the legislation coming through the amendments to the Climate Change Act 2008.

[67] **Andrew Davies:** I am not sure that electors or the citizens of Wales would see a distinction between a Measure and a regulation.

[68] **Angela Burns:** That is a subject that we will need to take on board as a committee. I would like to move on to waste targets. Brian, will you take us there, please?

[69] **Brian Gibbons:** I will start, if I may, with table 4. I wonder whether you could explain the various terms in it, first of all, and the rationale for them. I can see the point that social costs mean some costs excluding taxes, and then private costs include all taxes and subsidies. However, it makes understanding the overall cost quite difficult—certainly for me, anyway. Could you explain the rationale for using this methodology of two separate costing mechanisms? Could you also explain the conceptual difference between the two, apart from the exclusion or inclusion of all taxes and subsidies? What is the point of that exercise?

[70] **Mr Davies:** The reasons why we have distinguished between social costs and private costs are based on requirements for the production of regulatory impact assessments. We have to reflect the Treasury's guidance in 'The Green Book'. The purpose of social costs is to discount transfers between different public bodies, and that is particularly significant in this context because the landfill tax is a transfer from one public body to another. Private costs involve a different way of looking at it, where you take such factors into account. If you ask local authorities, they will tell you that landfill taxes are particularly important in their budgets. So, we are following accounting guidance in our preparation, although I can appreciate that that might not make things entirely clear for the public. However, we have to cater for different audiences and demands when presenting information. As for the waste targets, private cost provision is the one to focus on, because it takes into account affordability for local authorities. The issue of landfill tax and any other subsidies is fully reflected in the costings there.

[71] **Brian Gibbons:** Could you explain, perhaps in two sentences, the conceptual difference?

[72] **Mr Davies:** The conceptual difference is the cost to society as a whole rather than to individual bodies. When the Treasury is looking at what a specific cost or transfer means, it looks at the total cost placed on society.

[73] **Brian Gibbons:** However, that is what I find difficult, because then it says 'excluding taxes'. However, society is paying. So, intuitively, the cost to society would be the cost of doing this, presumably, plus whatever taxpayers contribute. If that is the definition, that is the definition, but, for the purposes of clarity, it seems to me to be totally counterintuitive.

[74] **Mr Davies:** I cannot really talk on behalf of the Treasury, but I think that what it is trying to do is take any transfer of budgets between one part of the public sector and another out of the equation. In this particular instance, that might mean the transfer of money from local authorities to the Treasury. In that way, the Treasury gets a real picture of any additional costs to society. As I mentioned, the main focus for us is one that takes full account of factors such as the landfill tax, because that is a particularly acute issue for local authorities. That is why we have included the private costs, including all taxes and subsidy payments. That gives you a more accurate reflection, I think.

[75] **Brian Gibbons:** I would agree with you there, but what you are calling private costs,

in practice, seem to be the real costs. I know that you mention something to this effect in your explanatory memorandum, but I do not know why the Treasury gives priority to these social costs. It seems to be very bizarre because most people will want to know what the bottom-line cost is. They will not want this double accounting, which appears in this table. It is very difficult to see the value added of the two columns. I agree with you, as it seems to me that the real cost is the private cost and that the social cost is really just fog. I know that it is a Treasury-generated fog, not yours.

[76] **Jane Davidson:** Yes, a Treasury fog is not of our making. That has to be said. It is probably useful for us to mention the work that we have been doing with local government over the past few years. Work on 'Future Directions for Municipal Waste Management in Wales' started back in the middle of 2007. The identified additional costs are more than offset by the significant financial savings made by achieving the higher recycling levels for municipal waste. That is because there are costs associated with waste that is not recycled, which would have to be either landfilled or incinerated. The table shows that recycling, as opposed to landfilling, will result in cost savings of £154.5 million for local authorities as a result of avoided landfill tax and gate fees. Meanwhile, recycling, as opposed to incineration, results in cost savings of £151.6 million through avoided gate fees. The landfill tax is going up by £8 per tonne and will reach £80 per tonne by 2014. That is a huge financial disincentive to sending waste to landfill. In the overall financial implications, we are looking at total cost savings of between £38 million and £40 million, as you have in the total cost net present value.

[77] **Brian Gibbons:** Yes, I followed that.

[78] **Jane Davidson:** However, that does not reflect the environmental benefits. Of course, there will be reduced greenhouse gas emissions as a result of higher recycling rates as well. Those benefits are set out in the following tables—table 5 and table 6, I think.

[79] **Brian Gibbons:** I noted that as well, but I am not going to go into it. There is clearly a methodology behind how you put a monetary value on something, but that is not in the explanatory memorandum. I guess that it is probably so complex that you would not have the time to do it. However, it concerns me that we have to take the points about greenhouse gases and so forth on faith, simply because we cannot get to the bottom of it. Anyway, I understand the logic of what the Minister is saying. What I find difficult to understand, though, is why, if this is a landfill tax, the charge on bulky waste costs goes down so substantially. Is that £150 million all accounted for by a combination of costs for landfill plus recycling sales?

[80] **Mr Davies:** Sorry, I should jump in here. There is a slight error in how the numbers are presented there. They should drop a line. So, the changes in civic amenity site costs—the first line—is £16.4 million, but it is the change in bulky waste costs that should be £1.3 million and it is the total change in cost of residual waste management that is £-40.4 million. So, we need to pull those down a line. Sorry about that.

[81] **Brian Gibbons:** Well, that was three quarters of an hour of my life wasted trying to understand that. [*Laughter.*]

[82] **Mr Davies:** Sorry.

10.10 a.m.

[83] **Angela Burns:** He will send you a bill.

[84] **Brian Gibbons:** Yes, that is another cost to add to table 4. [*Laughter.*] Obviously, that is important information. However, accepting that point, if what is incinerated does not

go to landfill, you can understand why there will be a saving of £154.5 million, because if the bulky goods do not go to landfill, you would not pay the landfill tax. However, I struggle to work out where the figure of £151.6 million in the column on incineration comes from.

[85] **Mr Davies:** It relates to gate fees.

[86] **Brian Gibbons:** Are you saying that there are no gate fees associated with incinerating waste?

[87] **Mr Davies:** Yes, there are significant gate fees.

[88] **Brian Gibbons:** So, how will that save on gate fees?

[89] **Mr Davies:** You would be recycling material, so you would not be sending it for incineration.

[90] **Brian Gibbons:** Usually, if you send something to a recycling plant, you pay for the goods to go in, presumably, which are then separated and so on.

[91] **Mr Roberts:** The historical cost of landfill has been low, but it is increasing—

[92] **Brian Gibbons:** No, no. I can understand that if you do not send waste to landfill you do not pay the landfill tax, and presumably that, if you reuse and recycle, some cash flow would be generated from that. The figure here shows a saving of £154.5 million. However, if you incinerate it, your saving is £151.6 million. It surprises me that you say that the savings are related to the gate fees, but maybe that is the answer. I would have thought that a gate fee would have to be paid for waste to be segregated and so on in a recycling plant.

[93] **Mr Roberts:** There is no gate fee for recycling. There is a cost under the contract, for example, but the gate fees—

[94] **Brian Gibbons:** Where is that captured in these figures?

[95] **Mr Davies:** The additional costs of recycling are captured in the first three rows: 'Change in Kerbside Collection Costs', 'Change in Civic Amenity Site Collection Costs', and 'Change in Bulky Waste Costs'.

[96] **Brian Gibbons:** So, you think that it will cost £16 million to do that, and that it will generate a saving of £151 million?

[97] **Mr Davies:** The figure of £16.4 million relates to changes in civic amenity site collection costs. Above that is the figure of £78.3 million, which relates to changes in kerbside collection costs—

[98] **Brian Gibbons:** We could go on about this for a long time. Could we have a note on where that figure of £151 million comes from, and on why the figures of £154 million and £151 million are so similar? That surprises me, as well. I can see that not sending waste to landfill would avoid the landfill tax and would generate a hell of a lot of savings. However, seeing as incinerated waste does not go to landfill—except perhaps as ash—I cannot see where that saving is made. We are not going to be able to sort it out now, and so it would be helpful—

[99] **Angela Burns:** We will be writing to the Minister with various questions after this session anyway.

[100] **Brian Gibbons:** On the sums at the bottom of the table showing the net value, the figures relate to a 15-year period, so, simplistically, you would have thought that the annualised costs would be multiplied by 15 to get the total cost. However, clearly that does not seem to be the case in some of these tables. Presumably, the reason why that is not the case is the way in which the net present value is calculated.

[101] **Mr Davies:** It is discounted.

[102] **Brian Gibbons:** So, it is because of the discounting process that simply multiplying by 15, which is the length of the programme, as it covers the period from 2009 to 2024—

[103] **Angela Burns:** Brian, would it be more useful for us to sit down together afterwards and come up with all these questions? We could then submit a paper to the Minister.

[104] **Brian Gibbons:** I think that I have had an answer to that question: the reason for that is the way in which net present value is calculated, namely by discounting, which affects the sum. That is simple, so thanks very much.

[105] **Alun Davies:** I am not sure that it is simple, to be honest. In terms of where we are now, we have been through that discussion, and it is not my intention to continue it, but local authorities seem to be saying that upfront costs are involved and that they will have to bear them. It is broadly true to say that the savings that will accrue to local authorities are as you set out in the explanatory memorandum. However, to what extent have you attempted to calculate the upfront costs of this for local authorities, because there is considerable concern that, while those savings are accruable over time, they are very much savings for a decade or two down the line and are not realisable at the moment or over the next few years?

[106] **Jane Davidson:** We are clear about the detailed studies that have gone on, and we can give you more information from the Eunomia work, because it has been pored over on numerous occasions over the last few years. However, the total compliance cost savings will be up to £40 million by 2024-25. We expect the compliance cost savings to yield immediate benefits, not least because of the increase in landfill tax. So, we would have compliance cost savings of about £2.5 million in 2013-14 alone in that context. We can also see that recycling the additional material—through the kerbside collection, civic amenity site collection and bulky waste costs—would give us cost compliance savings of about £3.7 million, if that additional waste was sent to landfill and a similar amount of it was incinerated. So, this is very much about an invest-to-save agenda. The Minister for Business and Budget is keen to look at this as an example for her efficiency and innovation board, because it is about collaborative work with local authorities and it is a classic invest-to-save project.

[107] **Alun Davies:** So, if you are bringing in the Minister for Business and Budget, are you saying that the Government will be supporting local authorities through this period?

[108] **Jane Davidson:** We support 80 per cent of the costs at any rate, and I am sure that the previous Minister for finance will tell you that we have been extremely generous as a Government to local authorities in the context of waste, which they fully acknowledge. They were clear at the beginning of this administration that they wanted waste to be dealt with in the partnership between local government and the Assembly Government, so we have focused on that. The work that is being done in partnership—it is being done in partnership between the Welsh Local Government Association and us—yields not only cost benefits, but environmental benefits for the direction that we are taking. Again, although that is not a matter of direct concern to the Finance Committee, we all sit under the sustainable development duty, so the environmental benefits are an important aspect of delivering on that sustainable development duty in the context of the ‘Towards Zero Waste’ agenda. We know that landfill prices, including the landfill tax, will outstrip prices for food waste treatment by

2012-13, and for residual treatment by 2014-15. So, there is a strong financial imperative. It is also worth pointing out that no local authority has failed to deliver on its landfill obligations.

[109] **Nick Ramsay:** I have a couple of questions, starting with infrastructure. For reasons of time, I will try to combine them and be as brief as possible. Evidence provided to Legislation Committee No. 4 expressed concerns about the financial implications of the additional resources needed for the infrastructure aspects of what is being proposed. First, can you confirm that the Welsh Government will provide for those additional resources? Secondly, one local authority has said that there are 'unknown future monetary penalties' that mean that it will be impossible for it to plan without a 'major impact on future revenue allocations'. It makes a nonsense of its trying to plan a few years ahead if the financial implications that we talked about earlier are not specified at this stage. Could you comment on that?

10.20 a.m.

[110] **Jane Davidson:** Perhaps I could comment on the latter point, and I will then hand over to Jasper on the very large amount of money that has gone into developing this agenda over the last few years. I made the point a few moments ago that no local authority has failed in its obligations under the landfill allowance scheme. It is a mandatory scheme. Local authorities have been clear about their obligations and have delivered on them. What we have said to local authorities throughout this process is that we will be operating the recycling targets in exactly the same way. So, the normal penalties protocol with the Welsh Local Government Association will operate, but we do not anticipate that local authorities will fail on this either, when they are looking at delivering on this agenda, in the same way as they are delivering on the landfill allowance scheme agenda.

[111] Any draft regulations to establish penalties would be subject to the affirmative procedure and they would have their own regulatory impact assessment. Interestingly, I met all of those who lead on waste—directors and cabinet members—yesterday, and this was not raised at all by any of the local authorities at that meeting.

[112] Jasper, do you want to pick up on the point about investment—the investment made to date and future investment?

[113] **Mr Roberts:** In future, it is essential that we have an alternative treatment infrastructure to replace the landfill option. The procurement model that we are pursuing in collaboration with local government is a market-driven model where the capital cost of that infrastructure is provided by the market in various forms. It may be off-balance sheet for the operating companies, it may be equity, or a loan; that is a matter for discussion with the companies.

[114] We have reached an agreement with the WLGA about revenue support for the gate fee that underpins that capital cost to the operating companies. That is in place. It has to be in place now, because it needs to underpin the procurement that local authorities are about to start to secure the treatment contracts—15-year terms for the anaerobic digestion of food waste, or 25 years for residual treatment. So, there is an element of capital upfront, which came from the strategic capital investment fund, as a pump-priming mechanism to get the markets going. The rest is an agreement with local government, which is already in place, about additional revenue support for the amortised cost of the capital for the infrastructure.

[115] For waste collection services, particularly food waste, which it is essential to capture to meet the 2012 target, the Welsh Assembly Government, in addition to the funding it allocated last year, has, this year, allocated £23 million on top of the £50 million that it has previously paid out for the sustainable waste management grant. That is ring-fenced for food

waste collection, which is the bio-waste element of municipal waste, which local authorities need to capture to get to the 2012 targets. That allocation of £73 million in the current financial year has been confirmed without any reduction to local authorities.

[116] **Nick Ramsay:** Did you say that that has been confirmed?

[117] **Mr Roberts:** Yes.

[118] **Nick Ramsay:** I have one more question, which relates to monitoring and enforcement. It has been said that the WasteDataFlow system will need to be modified to monitor whether the targets are being met. Have you factored the monitoring costs into your estimates for the cost of the proposed Measure, or is that something that will be added on afterwards?

[119] **Jane Davidson:** WasteDataFlow is under constant review. It is constantly being monitored to ensure that the right information is coming out of the process. It is already being updated as a result of the consideration of destination issues, which has been a matter of interest to Assembly Members. If there are additional costs, they will be in the regulatory impact assessment.

[120] **Angela Burns:** Andrew, you have a question on landfill. We have two more topics to discuss quickly, Minister: the landfill ban and waste management plans. How are you for time?

[121] **Jane Davidson:** I have a maximum of 10 minutes.

[122] **Angela Burns:** All right. We will have five minutes on landfill and five minutes on site waste.

[123] **Andrew Davies:** My question returns to some of the questions that we asked before about the regulatory impact assessment. It is a point of principle that, if you have an RIA on the proposed Measure, you then have to have separate RIAs on the regulations. You are almost conceding the principle when you actually need to look at the global cost for local government in this case, or the private sector. Why would it not have been more prudent to have waited to provide a detailed RIA in the proposed Measure, rather than subsequently with the introduction of the regulations?

[124] **Jane Davidson:** Our view remains the same as it was at the beginning of the committee, which is that in the context of the landfill ban, any detailed RIA at the moment, ahead of having completed the consultation, would have been inappropriate. That is why we made a commitment to divert as much waste away from landfill as possible, which is a clear Assembly Government policy, but the proposed Measure is only providing the enabling power so that Welsh Ministers can look at appropriate bans or restrictions. This process will have a very long lead-in time, and it will also be related to ensuring that the other side of the equation—the infrastructure and markets work—has already been undertaken to ensure that we can get a marriage between what comes out of landfill in terms of an income opportunity for business in the context of further recycle.

[125] **Angela Burns:** We will have to leave the next financial question because we are running out of time. Do you want to address any other issues?

[126] **Andrew Davies:** A considerable number of submissions were presented to Legislation Committee No. 4 when it looked at this. They said that the current waste infrastructure is insufficient to deal with the waste diverted from landfill. How will you support infrastructure changes for the private and business sector, as well as for municipal

waste?

[127] **Jane Davidson:** We have provided considerable financial support for the development of new infrastructure. A key issue is about plastics, and I opened a new plastics sorting facility in Blaenau Gwent a matter of weeks ago. We have allocated £26 million of support for the development of infrastructure for municipal waste in the form of food waste and residual waste treatment procurement programmes. The waste resource action programme has a capital programme of £10 million over three years for the recycling of industrial and commercial waste, which focuses particularly on the anaerobic digestion of food waste. About £9 million of that programme has been committed to anaerobic digestion schemes.

[128] Through the single investment fund, the Department for Economy and Transport has made 11 offers in the last 12 months to recycling companies to the tune of £4.66 million. The forecast capital costs for those projects were £28.86 million, which will lead to 374 new jobs and safeguard 53 jobs. We see this as a major green jobs opportunity, but it is important for us to develop this through our infrastructure and market sector plan that is going out for consultation this year. Therefore, we will be consulting with all parts of all sectors on what is appropriate for Government to provide at whatever level, and what is appropriate to be delivered as a merchant opportunity. As you will know, Andrew, there are quite a lot of merchant opportunities here that can be created without any Government funding, because they can be delivered on a purely commercial basis. We want to continue that gap analysis through the infrastructure and market sector plan.

[129] **Andrew Davies:** Are the volumes sufficient, given the waste management proposals and all the funding that has gone into proposals for the regional waste management system, to attract those private sector interests that you have just quoted?

[130] **Jane Davidson:** We are certainly finding so. The big procurement on anaerobic digestion has attracted—

[131] **Mr Roberts:** Over 30 bids. Over 30 good-quality companies, including small and medium-sized enterprises based in Wales, have bid for the contracts through the pre-qualifying invitations. Those have been reduced in each of the procurement hubs by local authorities to between six and eight bidders to take forward in the competitive dialogue procurement process before they get down to perhaps two or three for the shortlist for the preferred bidder. It has been very successful.

10.30 a.m.

[132] **Jane Davidson:** As our policy has been so clear—it has been developed over the last few months, and we are formally launching the final policy on 21 June—it has meant that people are looking at Wales as a real investment opportunity.

[133] **Angela Burns:** I will now bring Kirsty in to ask about site waste management plans.

[134] **Kirsty Williams:** The broader principle of detail also applies to site waste management plans. The true costings will only come out with the regulatory impact assessment when the regulations are produced, but those regulations are subject to the negative procedure. Given the fact that there could be substantial costs, do you think that that is appropriate?

[135] **Jane Davidson:** The element of the proposed Measure on site waste management plans is a direct lift from the Clean Neighbourhoods and Environment Act 2005, which was subject to negative procedure. We have merely lifted those regulations to incorporate them in the proposed Measure, and we are treating them in exactly the same way. However, if it

transpires that Assembly Members want to see them made through the affirmative procedure, it would cause us absolutely no problem whatsoever. It is purely that we are keeping consistency with current legislation when we transfer them over.

[136] **Kirsty Williams:** The regulatory impact assessment, as it exists at present for site waste management plans, only attempts to calculate the cost to the regulatory authorities, but of course, the impetus behind the policy is that local authorities will be able to charge the private sector for the cost of this regime. Why have you not taken into consideration the financial implications on the construction industry when considering the costs of the proposals? It is obviously the Government's intention that the private sector should pay for the regime associated with site waste management plans.

[137] **Jane Davidson:** It does estimate the fees. The full regulatory impact assessment is a wider package of work being undertaken on the regulatory options for site waste management plan regulations in Wales. As I said earlier, we will be issuing a consultation document on this in the autumn, to be accompanied by a full regulatory impact assessment.

[138] **Kirsty Williams:** I think that the issue exists here as it does with all of the others.

[139] **Angela Burns:** The Minister has kindly given me three more minutes, and I know that two of you have supplementary questions that you want to quickly whiz through.

[140] **Andrew Davies:** Mine is on landfill and on site waste management plans. I would agree with the Minister that Wales is ahead of the game in waste management. Obviously, I have to declare an interest, having been part of the Government that took that forward. One of the concerns in the private sector generally is that Wales is seen being as closed for business. In the Enterprise and Learning Committee, which is looking at the whole area of green jobs, we see a consistent theme, that Wales is increasingly seen as a place that is not as friendly to business as other parts of the UK. The Federation of Master Builders said that,

[141] 'a landfill ban would be a great constraint on the industry and make for extra costs and a great many problems.'

[142] We can applaud this piece of legislation, but if you add all of the other various regulations and Measures that are impacting on the private sector, collectively they are having a significant and adverse effect. I just wonder what the Minister feels about that.

[143] **Jane Davidson:** It is important to reaffirm that the landfill consultation is an England and Wales consultation. It is not a Wales-only consultation. From the Welsh Assembly Government's perspective, we would very much like to tie it in to our market infrastructure and development work so that we would be demonstrating to business that there are some real economic opportunities in the context of banning items from landfill that contribute towards a sustainable resource efficiency agenda and create business opportunities. That is why there will be separate consultations on that at the end of the specific joint consultation that is being undertaken at present.

[144] It is also important to say that the construction and demolition sector generally has very high rates of recycling. They are coming in at around 70 per cent. We are looking at bringing local authorities up to a similar level. We would want to continue to have that dialogue with the representatives of the construction industry and others. The whole emphasis of the zero waste agenda is on diverting waste away from landfill. We know that Wales's landfill resource is relatively small, so if we want to avoid being affected by potential infraction charges and deliver a sustainable agenda, we need to demonstrate unequivocally that we are supporting the European hierarchy on waste, which starts with reduction, reuse, recycling, generation of energy from waste, and then, right at the bottom, landfill. We are

using that hierarchy to take this forward. We also see that the most successful recycling countries in Europe have very active recyclates markets.

[145] **Mr Roberts:** As the Minister says, the overall rate for recycling in construction, demolition and so forth is very high, but the sort of businesses that are typically members of the Federation of Master Builders are smaller businesses, which are typified by the skip of mixed waste outside a house in a residential street in any town or city. So, there is an issue about how we can help them to get the capacity to sort that waste, as there will be benefits from the income streams from the recyclate. We will be looking at that in the infrastructure plan. We welcome discussions with organisations such as the federation about how it affects its members, because we need to work out methods that can help them in the future.

[146] **Jane Davidson:** For example, we have already seen that when the price of metals is higher, members of the federation and others are quickly sought to get the financial return. One of the issues for us is ensuring that as much recyclate as possible acquires a value. This, of course, is part of a global recyclate agenda, and not just a Wales-only recyclate agenda.

[147] **Angela Burns:** Some Members still have some questions, but I know that time is very tight for you, as you have another meeting, Minister. So, I propose that we put our questions in a letter and submit it to you. We will also write to you about other issues that we want to know more about. Your time is tight today, so thank you for the extra time that you have given us; it is much appreciated.

[148] I now propose a five-minute break before we bring in our next witness. Thank you, Minister.

*Gohiriwyd y cyfarfod rhwng 10.37 a.m. a 10.46 a.m.
The meeting adjourned between 10.37 a.m. and 10.46 a.m.*

**Goblygiadau Ariannol y Mesur Arfaethedig ynghylch Gwastraff (Cymru)—
Tystiolaeth gan Gyngor Sir Bro Morgannwg
Financial Implications of the Proposed Waste (Wales) Measure—Evidence from
the Vale of Glamorgan County Council**

[149] **Angela Burns:** I call the meeting to order. I welcome our next witness, Clifford Parish, who is the operational manager for waste management and cleansing for the Vale of Glamorgan Council. I appreciate your paper and your willingness to come to this committee at quite short notice. Could you formally introduce yourself for the record, and make a brief opening statement on your paper, including any other comments that you wish to make? We will then go to a round of questions. I also thank you for your kindness in waiting for us.

[150] **Mr Parish:** Not at all. I enjoyed watching the committee on the television.

[151] **Brian Gibbons:** So, you know what is going to happen.

[152] **Mr Parish:** I doubt that very much. *[Laughter.]* As the chair introduced me, I am Clifford Parish, the operational manager for waste management and cleansing and coastal management for the Vale of Glamorgan Council. I am the chief officer responsible for delivering those services.

[153] At the moment, I also have the pleasure of being the chair of my professional body in Wales, which is the Chartered Institution of Wastes Management. I will answer questions directly as they affect the Vale of Glamorgan or the waste industry in Wales more generally. However, my views may be tempered for the professional body as compared with my day-to-

day professional job. I am quite happy to go straight to questions.

[154] **Angela Burns:** As I said earlier, thank you very much for your paper. You say in it that the proposal for these financial penalties to mirror the landfill allowance scheme in Wales, where the fines are set at £200 per tonne, are of great concern to you. Could you expand on the impact that those penalties will have and could you also comment in respect of the Vale and, if you can, of Wales too?

[155] **Mr Parish:** Certainly. The worry for any budget manager at the moment is that we are under extreme pressures. We have efficiency savings to make to reduce our expenditure even more. Resources, certainly for the Vale of Glamorgan Council, are diminishing. Efficiency savings seem to have come hand in hand with job losses or new jobs not being filled. So, the pressures are getting ever greater.

[156] In budget setting, I have to set a medium to long-term budget with my accountant. We are a non-risk authority. Certainly, we have budgeted the landfill allowances into future budgets. I suppose that we should not design to fail, but it is a sensible approach. I do not have great reserves and we are not an authority that will consider council tax increases, and that is the policy of the elected members. So, we have a very tight budget, and we have to work to it and we plan ahead, although it changes on a yearly basis. I think that I give an example in my paper, because unfortunately, we have failed the 40 per cent target this year.

10.50 a.m.

[157] There are a number of reasons why, and I assume that you do not want to go into them this morning. However, the calculation is that that might amount to a penalty of over £200,000 for the authority. I would be surprised to be in a position where I could find that money from any other pot within the authority. I would be told by the director of finance to shape my budget to the finances available, and the example that I gave in the paper—which is not necessarily what I would do—was to close all the public conveniences in the Vale of Glamorgan. That is a non-statutory function, and my priorities are the statutory functions, so I could close all the public conveniences without censure from the Assembly Government. It is difficult, when I meet my accountant to discuss my budget, to tell him what I will need in four or five years' time. To me, that is an unacceptable position in which to put a local authority.

[158] Speaking for waste managers throughout Wales, I think that that is a shared view. It came out at yesterday's WLGA cabinet briefing, which the Minister attended. There are significant concerns about future financing. Having said that, I have to agree with the Minister that the financing that we have had to date is magnificent, and the performance that we are achieving in Wales is dependent on that.

[159] **Angela Burns:** Clifford, could you clarify one thing? When you refer to the Cabinet meeting, you are talking about the WLGA.

[160] **Mr Parish:** Yes.

[161] **Angela Burns:** The Minister attended that meeting.

[162] **Mr Parish:** Yes, she did. She referred to it earlier.

[163] **Kirsty Williams:** The Minister said that these concerns about landfill were not raised by the council.

[164] **Mr Parish:** No, I think that she said, if I heard her correctly—I was listening from the waiting room—that the issue of unknown fines in the future was not mentioned. She was

quite specific in answering the question. I have a note here that, at yesterday's meeting on these issues, the Minister told us that it would be a joint agreement, under the proposed Measure, working with local government. I would have thought that it must have been discussed for her to make that statement.

[165] **Kirsty Williams:** Thank you for that clarification; it is very helpful.

[166] **Angela Burns:** Brian, you have a supplementary question.

[167] **Brian Gibbons:** Yes, it is a general point. I heard what you said, but surely the reason why we have achieved so much is because of the carrot-and-stick approach—in other words, the support of the Assembly Government linked to the threat of landfill tax and, ultimately, infraction procedures. In fact, what you praise is merely a continuation of that regime. It is a proven formula for success, and I think that you have conceded that we have had success. Perhaps, on the basis of that, this proposed Measure is the way to proceed. We have heard about the investment in infrastructure and so on. There is a slight inconsistency in the way that you are putting the case, but the specific question that I want to ask—and I did not have time to pursue it earlier with officials—is about the risk of a double fining, because of these landfill targets. I take your point about the £200 per tonne if you fail to meet the landfill targets, but equally, if that stuff ends up in landfill, you could breach the landfill targets and end up with a landfill tax fine as well. Is that a possible scenario? If so, how likely is it?

[168] **Mr Parish:** It is a very likely scenario because the balance between recycling, composting and landfill diversion is calculated regionally, so if you did the one, you would not get the other. In one sense, I wonder why you need a fine for that; you already have a fine through another mechanism. It is, therefore, a double fine, in my view.

[169] On the carrot-and-stick issue, I think that we have a lot of carrots, and I do not want that to change, but up until now, it has been almost all carrots and no stick, although the threat of a stick was there.

[170] **Nick Ramsay:** My question goes back to what you were saying before, about the potential clarification of what we would have liked to have heard from the Minister. Have you been suggesting that authorities should plan to fail to meet their duties under the proposed Measure? We asked the Minister about this, and she said that she did not anticipate that that situation would develop. However, given what you were just saying, I think that we are dealing with known known situations and known unknown situations—or perhaps the other way around. So I wonder whether you think that authorities should plan to fail.

[171] **Mr Parish:** I have to say for the record that no-one should ever plan to fail. That does not show the right commitment. Every local authority has a duty to protect the finances of the public that it represents. It would be a risk-based approach not to include these risks in your financial planning. This is the situation that I hope we avoid: our ignoring the fines, planning to do certain works within the authority—which may not be within waste management, but to develop a new leisure centre in Barry—and then having fines imposed, with no increased budget, meaning that someone somewhere along the line has to decide which function or service is cut. So, should we work on a risk basis? I do not think that we should. There is always a need to make some educated assumptions, but to take the approach that 'Well, we may not get fined; let's not bother considering it' would be foolish for local government.

[172] **Nick Ramsay:** That is an interesting way to answer that. However, whether you use the word 'should' or not, what you are saying is that there should be a focus on where money might be found if that happens.

[173] **Mr Parish:** I believe that, if you budget properly, for the long-term protection of your council tax payer, you should risk-manage threats, but they must be considered within the risk management plan.

[174] **Angela Burns:** Would your budget not have contingency arrangements built in that would cover anything that the authority might come up against? Would unexpected fines not be absorbed by such arrangements?

[175] **Mr Parish:** Yes, they would, in our planning for the mid to long term. As it stands at the moment, my budget has no contingency element at all, other than savings through operational delivery or non expenditure of forecasted expenditure. We achieved a slight saving last year because the Assembly Government gave us money to buy some refuse vehicles, which we had planned to purchase out of our budget. I have no savings at the moment, but my forecast in my plan for the mid to long term has a contingency element. The contingency element at the moment is landfill points.

[176] **Andrew Davies:** Just to follow that up, you said that, as a result of the Assembly Government's granting the local authority funding for refuse vehicles, there was a saving to the local authority. What happened to that saving?

[177] **Mr Parish:** It went back into the departmental budget, but I have had £60,000 of it back to complete the re-decking of the Penarth pier.

[178] **Andrew Davies:** So, it went back to your department, not to the local authority's central resource?

[179] **Mr Parish:** Not to the central resource, no.

[180] **Angela Burns:** Kirsty, do you want to take this any further?

[181] **Kirsty Williams:** No, I think that we have covered that.

[182] **Ann Jones:** On alternative treatment infrastructure, you mentioned in your paper that, although you support the move away from landfill, without the necessary alternative infrastructure in place, that move would be foolhardy. Do you have any idea of the sort of additional infrastructure needed, particularly in your authority area, but also across Wales?

[183] **Mr Parish:** For us, the major one is the residual waste treatment plant. We are a partner in the project on the residual procurement process that is going on at the moment. We currently have a contract with Biffa Waste Services Ltd for landfill disposal. Although we have an 18-year contract, the chances are that the Trecatti landfill site is not going to last that long anyway. So, if there is not another facility, we will probably have to negotiate an increased price cost to take it somewhere else—probably across the bridge.

[184] **Ann Jones:** What about pan-Wales? Do you have information from your colleagues?

11.00 a.m.

[185] **Mr Parish:** Infrastructure is one of the biggest problems for waste managers in Wales at the moment—the worry that the infrastructure will not be in place. One of the issues with zero waste is that it has come before the sector plans, which is unfortunately a bit like putting the cart before the horse. We know where we want to go but, as yet, there is no mechanism to tell us how we are going to get there. I know that the municipal sector plans were released to local government a month early—we saw them last week—but the infrastructure sector plans are even further down the line. That must be a concern. The

Minister talked about plastic recycling in Blaenau Gwent, which is great, but, funnily enough, it is not interested in the Vale of Glamorgan's plastic. It is not pan-Wales; it is not even pan-south-east Wales, but some authorities will significantly benefit from that plan.

[186] The other issue that worries me, from the Vale of Glamorgan's point of view, is bulky waste. I have nobody who is interested in taking my bulky waste, other than the white goods that go off to Sims Recycling Solutions. Any furniture has to be sent to landfill; there is no third-party body, as there are in other areas, that wants to work in the Vale of Glamorgan, because we cannot get structural funding. Most organisations are heavily reliant on structural funding to pay for the work. With the exception of a few small areas, virtually no European money appears in the Vale to help third parties. Cylch and others have had the same problems. They want to come to work with us, but when they say that we will have to pay them for it, we have to tell them that we do not have a budget, and then they are not as interested.

[187] **Brian Gibbons:** I am looking at the second and third paragraphs from the end of your submission, where it says that there are 'serious worries' about the proposed Measure, that it 'will prove counter-productive' in its aim, that it is not the 'appropriate mechanism' for supporting such policies and so on. I think that it would be fair to summarise that as a very negative evaluation of the purpose of the proposed Measure. Even on the basis of what you have said already, the reality is that this is a problem that you are going to face, whether you like it or not, because, as you have already said, there is no landfill capacity in Wales—you will have to hunt for it across the border in England. If you do not do it, you will face European infraction procedures.

[188] **Mr Parish:** That is, if the United Kingdom does not do it.

[189] **Brian Gibbons:** Okay, yes. This is something that you are going to have to do, one way or the other. Even if the Measure was not proposed, you would have to do this anyway. One reason that the proposed Measure is being brought forward is that it will add value to the process; that is the logic behind it. However, your paper implies that it would happen without the proposed Measure. Could you elaborate on that? The whole point of the Minister's approach is that, historically, it has taken a lot of carrot and waving of a stick, without the application of a stick, but none of this would have happened had the Assembly Government not driven this. Now you are arguing that local government will be able to take up the strain and that the proposed Measure is a diversion.

[190] **Mr Parish:** I strongly believe that. That is quite right. Local government will deliver this. Some authorities will deliver it better than others, and some will struggle more than others, but there is a commitment by local government to do this, for a number of reasons, not least that there is no other option—there is no 'do nothing' solution.

[191] **Brian Gibbons:** The basis of your point is that the proposed Measure is going to hold you back. However, I have not seen any evidence to date that, without the Assembly Government and Ministers driving this, progress in addressing waste by local authorities would be very far out of the starting blocks. The proposed Measure is intended to ratchet up the process again, because the targets are more challenging—that is the logic of the Minister's position. However, the logic of your position is that it is entirely unnecessary and it will hold us back rather than help us. I am wondering, on the basis of the record to date, how you can make that argument.

[192] **Mr Parish:** I totally agree with you. I think that the proposed Measure is unnecessary—

[193] **Brian Gibbons:** How can you justify that statement, given that the Welsh Assembly

Government, with its carrot-and-stick approach, has been the main driver in addressing waste to date? Why will this approach, which is a continuation of the carrot-and-stick approach, not work when the previous regime did work?

[194] **Mr Parish:** This is very much more than a carrot-and-stick approach; this is control and direct. There are a number of problems that I have with this—the landfill ban, for a start. Where and how is that going to be policed? You can ban what you like, but it is pointless if you cannot measure it, monitor it and enforce it.

[195] **Brian Gibbons:** Yes, but you are going to have to prevent that stuff from going to landfill in any event.

[196] **Mr Parish:** Yes, we will. However, we will not have to have masses of enforcement officers, which we do not have at the moment, opening bags to check what is in there. We also will not alienate our customers. *Daily Mail* readers—and I have to say that I am one—would have a field day with this.

[197] **Andrew Davies:** You have lost our sympathy. [*Laughter.*]

[198] **Mr Parish:** The other point is what happens if you have nowhere else to take this waste when the landfill option is banned. I think that the landfill ban is an excellent idea that we should aim for, except for the fact that landfill in Wales is going to die a natural death in five or 10 years' time anyway. There will be no landfill sites, which will be a problem in itself if you do not have an alternative infrastructure in place. What I see with the landfill ban, unless local authorities are not responsible for it, is a huge additional drain on the physical, financial and bureaucratic resources of authorities. It is a battle that an authority, ultimately, cannot win, because all it will do is alienate its taxpayers.

[199] **Brian Gibbons:** I would have confidence in that argument if you could have demonstrated that local authorities would have reached their current target levels without the carrot-and-stick approach of the Assembly Government up to now. To be quite honest, I do not think that that argument is tenable whatsoever.

[200] **Mr Parish:** I tend to agree with you.

[201] **Brian Gibbons:** If you are saying that there has been a major cultural change in local government on waste management, that is fair enough: times change and it could have happened. I have another question on infrastructure. Clearly, it is crucial to all this. In your paper, you gave a timescale of up to 2025, I think. Between now and 2025, how big is the infrastructure deficit that we are facing? You said that you had listened to the evidence and had heard about the investment being made by the Assembly Government and the private sector. What do you think the timescale will be for having a sufficiently resilient infrastructure in place to be able to implement some of these landfill and recycling targets? Will the infrastructure be in place near to 2025, or will it be in the next four or five years, in view of the investment that the Assembly Government is putting in?

[202] **Mr Parish:** It depends on the waste itself. As far as kitchen food waste goes, significant investment is being made by the Assembly Government and there is significant direction about where it wants local authorities to go. The tenders should be back next year. There are smaller plants. I would say that the kitchen waste infrastructure, with supported gate fees, would probably be in place by 2016. My experience from my civil engineering days is that plants never quite come online on the day that they are supposed to come online. There is always some delay.

[203] **Angela Burns:** It is called an optimism bias.

[204] **Brian Gibbons:** Yes, well I do live in Neath Port Talbot, so I know what you mean. *[Laughter.]*

[205] **Mr Parish:** Regarding kitchen waste, I commend the Minister and her officials, as they are pushing that very strongly and it is moving forward. On residual waste, speaking for the partnership that we are involved with, the slippage on that is already two years, and we are only just through tendering. We are now forecasting that it will be ready by 1 April 2016.

11.10 a.m.

[206] **Brian Gibbons:** Is that for the tendering?

[207] **Mr Parish:** No, that is for the opening. I do not know what it will be yet, but it is likely to be quite a complex plant compared with an anaerobic digester. We have only today kicked off the competitive dialogue, which could take two years or a lot longer, depending on how well it goes. I am optimistic that the Vale of Glamorgan Council and its four partners should have residual treatment by 2016. However, the other partnerships in Wales seem to be two or three years behind Project Gwyrdd.

[208] **Brian Gibbons:** This is my final question, Chair. On the basis of that investment, do you think that we will meet the European targets, or are we heading straight for infraction procedures?

[209] **Mr Parish:** I find it difficult to believe that the UK will fail to meet its targets. There is a complication, if you will indulge me. The amount of infrastructure in England means that the UK can probably deal with the diversion targets, but the only problem—and it is your problem more than it is mine—is the attitude of the UK Government to Wales. Even though it is the member state that meets the target, Wales and Scotland are so badly behind that it might want to take some action. However, I cannot see the member state failing, to be honest.

[210] The other complication, which makes it a little bit of a lottery at the moment, is the redefinition of ‘municipal waste’—well, it is not a redefinition; it is the original definition in the framework directive, which says that anything that looks like municipal waste is municipal waste. There have been four different definitions over the past five or 10 years. Each new one just complicates matters, and we just do not know whether our targets are accurate. There needs to be clarification of the targets in relation to the new definition, and of where local authority targets sit in the new bigger picture. So, it is difficult to answer the question at the moment because the definition of municipal waste is still up in the air.

[211] **Alun Davies:** First of all, I want to say that I was a member of this committee for some years—I am just substituting for another Member today—and we have heard about slippage time and again from public bodies. That is wholly and entirely unacceptable, it really is. That is not what we as a public service are paid to do; we are paid to deliver things. I will come to my questions in a moment, but I just want to say that it has too often been the case that local authorities have come here and told us, ‘We did not do it’, but they do not like the consequences of that, of course. It is an unacceptable position to be in.

[212] In the evidence that you have given this morning, Mr Parish—and I wish in some ways that we had spoken to you before we spoke to the Minister—you have opened up a whole series of questions that I want to return to. In the final page of your evidence, you talk about the financial implications of the proposed Measure. The picture that you paint is entirely different from that painted by the Minister in her evidence earlier. Her view, as you saw during the session, was that this will be a positive project for local authorities, from which they will benefit financially. You are saying the absolute opposite.

[213] **Mr Parish:** In the long term, hopefully, there will be benefits for local authorities in delivering it. Otherwise, why are we doing it? I think that local authorities do realise that the argument about the balance between the landfill tax and recycling is valid, and there will be savings. However, I am saying that any new legislation will impose bureaucratic burdens on me, and I will have staff who are just filling out forms. The example that I have given is that of the Tidy Towns grant, which is a great little grant that allows us to do work that would not be done within our budgets. However, there is a whole series of forms to fill out each year. This is a fault of mine as it is me who fills them out, but when I miss the deadline, I get threats that the grant will be taken away from me, and so I have to drop something else. I know that the forms should be filled out, but I am trying to balance that with delivering a service and keeping my customers happy. As I say to Dr Andy Rees—and I know that he was not here today—‘Come and do my job for a couple of months, Andy; you will get 20 phone calls a day from people who are unhappy with your service, and you will be trying to hold interviews just to find out what has happened—then tell me that I can sit there all day filling out forms for you’. That is not just me; that goes for all local government services.

[214] **Alun Davies:** Okay. I accept that, but let us look at what you said in your evidence.

[215] ‘In summary the inclusion of many of the proposals within the Measure will increase local authorities’ costs and add further pressure and uncertainty in financial and service delivery planning. It also does little to create sustainable waste management...will result in additional burdens without extra funding or resources...the proposed Measure is simply not cost effective in terms of administrative burdens and ultimately will prove counter-productive in the aim of protecting and improving the social, economic and physical environment of Wales.’

[216] They are fundamental criticisms of this legislation, and they are entirely at odds with the evidence given by the Minister in the earlier session. I am just asking you to justify those statements.

[217] **Mr Parish:** I honestly feel that if additional resources are not given to local authorities, any legislation—and this one in particular—will create more work, will put pressure on budgets, and will require us to consider future service delivery.

[218] **Alun Davies:** However, the Minister said in her evidence, Mr Parish, that within two or three years you will be saving money as a consequence of the proposed Measure.

[219] **Mr Parish:** Can you explain which aspect of the proposed Measure will save me money, other than that being saved by what we are already doing?

[220] **Alun Davies:** Well, you can look at the transcript.

[221] **Mr Parish:** I am sorry, but I do not understand.

[222] **Alun Davies:** The Minister said that given the reduced costs incurred through taxation and other mechanisms, local authorities will save money by implementing the proposed Measure. The explanatory memorandum that Brian is waving indicates that that will kick in in the financial year 2012-13, and I think that the Minister said that in her evidence earlier this morning. However, you are saying that that is not true.

[223] **Mr Parish:** I am struggling to understand that, because the proposed Measure is a ban on landfill, which I feel would increase my costs. I cannot see how that will save me money. It also includes possible fines. I accept that, if you are not fined, there will be no increase, but I cannot see how that saves me money either—I am planning to meet the targets

anyway. The recycling end use is a significant problem for me, because a significant amount of administration work goes into pursuing where the recycling ends up. I know that it is a valid question and people want to know the answer to it, but it involves significant work for the local authority to find out that information, especially in an authority such as mine. The contractor takes our waste and mixes it up with everyone else's, but I will now have to ask him where each bottle goes, and I know that he will say that he cannot tell me. One committee has already looked at Nerys Evans's proposed Measure, and my views were the same then: it does not enhance the service; it just costs a lot of money, and I will probably still be unable to find out where my recycling goes. The Environment Agency has a better chance of doing that than I do, because all these sites are licensed, and part of the requirement of the licence is that they tell the Environment Agency where the waste goes. So, there is duplication there, anyway.

[224] I have no argument with the landfill tax savings, but the proposed Measure—

[225] **Angela Burns:** You will get paid for some of the recycle, will you not?

[226] **Mr Parish:** Yes, and my authority is lucky enough to be one of those that gets paid because our waste is all segregated. However, it is still cheaper, in the overall budget, for me to landfill than to recycle. That is going to change, I agree.

[227] **Alun Davies:** However, the Minister also said that 80 per cent of your costs are covered by Government funding and, I think it is fair to say, that local government was happy with that.

[228] **Mr Parish:** Yes. Well, we would always like a little bit more, I am sure, but we are extremely happy to have that level of funding.

[229] **Alun Davies:** So, what is the problem?

[230] **Mr Parish:** There is no problem, but why do we need the proposed Measure? I have a fundamental issue there. If we are already doing the work and getting all this funding—which I am grateful for as I would not be able to do the work without it—I do not see the value of the proposed Measure on top of that.

[231] **Kirsty Williams:** That seems to be perfectly reasonable.

11.20 a.m.

[232] **Alun Davies:** Oh, it is perfectly reasonable, and I do not necessarily disagree with it, but I am just trying to follow the logic of the argument. The vast majority of the costs are covered by the Government, and during the next Assembly you will see a cost advantage—and you accept that point—and yet you say in your written evidence that there are

[233] 'major concerns that its implementation will result in additional burdens without extra funding or resources.'

[234] It seems to me not to match up.

[235] **Mr Parish:** There are two ways to answer that. I see additional burdens. The resources that are available to me are being stretched further because I have more work to do without having more resources. I do not want to repeat myself, but we are doing everything that we need to do now. I think that some of it is unenforceable. If it needs to be enforced, that will require major extra resource. I could be cynical and say that, as long as WAG gives me the money to pay for that, I will do it, but should I? Does that provide best value?

[236] **Andrew Davies:** I agree with Brian that there has been significant progress, but that is within the existing legislative framework and it is because the Assembly Government has provided leadership and, in some cases, has been cracking heads together in local authorities and providing additional funding. You are saying that, should the proposed Measure be implemented, it would require extra resources—either finance or personnel, or something would have to give. However, at the moment, those resources have not been identified. So, you will have to do more administratively to manage waste with the existing resource.

[237] **Mr Parish:** That is correct.

[238] **Andrew Davies:** Okay. I have a political question, which I do not expect you to answer. In your preamble, you said that your local authority has made the political decision not to increase council tax.

[239] **Mr Parish:** Yes, it is one of its policies.

[240] **Andrew Davies:** That is our responsibility. Mr Parish is an official, so I would not expect an answer to that. However, it needs to be placed on record that, collectively, local authorities have a habit of saying that the Assembly Government should give them additional resources, but they do not try to raise the revenue themselves. I have some sympathy for your view, Mr Parish, but, in your paper, you say that the proposed Measure will ultimately increase bureaucracy within local government and you talk about additional cost. I know that this is usually a complaint from local government—and this is not a hostile question—but have you done any modelling of a worst and best-case scenario as to what those additional costs might be and/or the additional administrative burden? I have been here before, frankly, and every time that we have a proposal, the WLGA and individual local authorities cry foul and say that it is the end of civilisation as we know it. However, when it finally turns up, it is not the end of civilisation.

[241] **Mr Parish:** No, we have not done that in detail, because I do not think that the information is yet available for us to do that. As a quick calculation, should my views become reality, we would probably require one additional officer to do the report writing and the WasteDataFlow entries. In relation to the landfill ban, if it is a local authority policing issue, you could be talking about 10 officers. We currently operate with three enforcement officers for the whole of the Vale of Glamorgan. These officers deal with everything, from dog-fouling and littering to duty of care. However, if this is going to be a sensible policy, you have to have refuse police and then we could be talking about a couple of hundred thousand pounds.

[242] **Andrew Davies:** I know that the Minister's officials are watching the proceedings, and that reinforces the point that all Members have been making consistently: how on earth can this be planned at this stage and how can we be asked to give approval to the proposed Measure when the regulatory impact assessments have not been done and we do not know what financial, or, indeed, bureaucratic, implications there will be—either for local government or for the private sector?

[243] The only figures that we have received are those on single-use carrier bags, where 5 per cent of a full-time equivalent is being discussed as reasonable. However, the WLGA made it clear that that equates to two hours per week, which it thinks is wholly inadequate. That gives this committee and any other committee that is scrutinising this real difficulties, because local government finds it difficult to respond because it does not know the detail.

[244] **Angela Burns:** Do you want to come in on Andrew's point, Kirsty?

[245] **Kirsty Williams:** It is perfectly reasonable for Andrew to make the point to the witness that he cannot come here and say that it will cost more unless the modelling has been done, but why would the council do that modelling? Under the legislation as currently framed it does not even know whether it will be the implementing and monitoring body, because the Minister has yet to make up her mind as to who will be responsible for monitoring this particular policy. So, local government could be scurrying around, making plans and writing papers to assess the cost only to find six months down the line that the Minister was not going to ask it to do that particular job, and someone else will do it. You could have the Environment Agency doing exactly the same work on how it would police this. It is unreasonable to ask people to do that work in the absence of that in the detail of the legislation. Legislation Committee No. 4 struggled yesterday with how, in effect, you can police landfill bans unless you go through everyone's bag to check what is in there. The council may end up being fined for something that it puts into landfill inadvertently that it should not. As you said, that has huge implications for the relationship between a local authority and its customers, policing and the cost of that.

[246] **Brian Gibbons:** The answer to Kirsty's question, as I understand it, is that people will not be looking inside black bags, but that the assessment will take place at the waste management facility and so on. Much of this is predicated on the Eunomia modelling, and while we accept that the cost will increase in absolute terms, the Minister's thesis—as Alun said—is that higher recycling volumes of about 55 to 60 per cent means that waste disposal ends up being cheaper as a result of avoiding landfill tax. Have you had a chance to look at some of the outflows of the Eunomia modelling, Mr Parish, and, as a professional, does it ring true to you?

[247] **Mr Parish:** Any professional will say that, with the landfill tax, ultimately, there is a line over which any other method will be cheaper. Historically, converting waste to energy has been expensive, but hopefully—I say 'hopefully', it may end up being the solution for my authority, but can 'may' be put on the record, because we do not know? We are now being told by the industry that gate prices are well below landfill, and there is the net gain from the energy use. The argument is a just one and I agree with that.

[248] I read the report when it was first published, but I have not read it since. There were a number of issues that I disagreed with as a professional. The main one, which I will bring up in case you are not aware of it, is that it is all based on achieving 90 per cent participation. That is an extremely high level of participation, even with excellent recycling schemes. We have stagnated in the Vale, and that is the reason why we have had problems—we have failed to meet the target. Our dry recycling rate has not changed in tonnage or participation in the last three years. Other than throwing a huge amount of resource at it—we have had door-knockers out there, and we have spent some money—we do not seem to be able to move it. It is not a matter for this committee, but there is a huge debate going on at the moment about co-mingled collections and segregated collections. We are in discussion with the Minister's officials on that issue at the moment. Sorry, I have not answered your question. The report was rather academic, it made a lot of assumptions and it seemed to give what the briefing at the beginning asked for.

[249] **Brian Gibbons:** It would be fair to say, to summarise your position, that you were not totally convinced and that it did not ring entirely true to you as a professional, is that right?

[250] **Mr Parish:** It did not, no.

[251] **Angela Burns:** Thank you very much for your time; I appreciate it. You have been very honest and given us a lot of areas to think about.

11.30 a.m.

**Cynnig Trefniadol
Procedural Motion**

[252] **Angela Burns:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[253] I see that the committee is in agreement.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11.30 a.m.

The public part of the meeting ended at 11.30 a.m.