



Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

Pwyllgor Deddfwriaeth Rhif 4
Legislation Committee No. 4

Dydd Mercher, 28 Ebrill 2010
Wednesday, 28 April 2010

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg. Mae hon yn fersiwn ddrafft o'r cofnod. Cyhoeddir fersiwn derfynol ymhen pum diwrnod gwaith.

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. This is a draft version of the record. The final version will be published within five working days.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Christine Chapman	Llafur Labour
Brian Gibbons	Llafur Labour
Bethan Jenkins	Plaid Cymru The Party of Wales
Jonathan Morgan	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Randerson	Democratiaid Rhyddfrydol Cymru (Cadeirydd y Pwyllgor) Welsh Liberal Democrats (Committee Chair)

Eraill yn bresennol
Others in attendance

Iain Ferguson	Rheolwr yr Amgylchedd, Tîm Polisi Bwyd, the Co-operative Environment Manager, Food Policy Team, the Co-operative
Jeanie Gray	Rheolwr Polisi, Cadwch Cymru'n Daclus Policy Manager, Keep Wales Tidy
Nadia de Longhi	Rheolwr Strategaeth a Polisi, Asiantaeth yr Amgylchedd Cymru
Joanne Sherwood	Strategy and Policy Manager, Environment Agency Wales Rheolwr Cynllunio Amgylcheddol Strategol, Asiantaeth yr Amgylchedd Cymru Strategic Environmental Planning Manager, Environment Agency Wales
Mal Williams	Prif Weithredwr, Cylch Chief Executive, Cylch

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

Sarah Beasley	Clerc Clerk
Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Sarah Sargent	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.14 a.m.
The meeting began at 9.14 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Jenny Randerson:** Good morning and welcome to this meeting of Legislation Committee No. 4. I have received apologies from Kirsty Williams, but there is no substitute. Should the fire alarm sound, you should leave the room by the marked fire exits and follow the instructions of the ushers and staff. Please turn off all mobile phones, pagers and

BlackBerrys, because they interfere with the broadcasting equipment. The National Assembly for Wales operates through the media of both English and Welsh. Headphones are provided, through which you can hear the simultaneous translation, and they can also be used to amplify the audio if you are hard of hearing. Interpretation is provided on channel 1 and the amplification is on channel 0.

9.15 a.m.

**Y Mesur Arfaethedig ynghylch Gwastraff (Cymru)—Cyfnod 1:
Sesiwn Dystiolaeth 4
The Proposed Waste (Wales) Measure—Stage 1: Evidence Session 4**

[2] **Jenny Randerson:** I welcome Jeanie Gray, the policy manager of Keep Wales Tidy, and Mal Williams, the chief executive of Cylch. We are very pleased to see you here this morning, and thank you very much for coming in. We will move straight to our questions. The first from me is a very general introductory question, asking you both to outline briefly for the record your position on the general principles of the proposed Measure, or those sections of it that you regard as relevant to your organisations. Jeanie, would you like to start?

[3] **Ms Gray:** Over the past four years, starting with our paper in 2006 on tackling plastic bag litter, Keep Wales Tidy has argued that the most effective way of tackling carrier bag waste and litter, which is waste in the wrong place, is to introduce a charge for them at the point of sale, when goods are purchased. We recognise that the proposed Measure under discussion relates to the distribution of the funds raised from the proposed charge on single-use carrier bags. If properly implemented, it has the potential to change behaviour and make real improvements to the environment at a global and local level, and will bring benefits to the community and biodiversity.

[4] Success will depend on public understanding of the charge and on the participation of all retailers in distributing the funds raised. If it cannot be achieved voluntarily, it is important for the proposed Measure to allow for a statutory requirement to be introduced. However, it is important to remember that we will have failed with the charge if the distribution of funding goes on in the long term, as the key aim is to change behaviour and to reduce waste, litter and the negative impacts on the environment, not to raise funding.

[5] To conclude, in a general context, Keep Wales Tidy is not an expert on waste but is here primarily regarding the single-use carrier bag aspect. However, we recognise the importance of the waste aspects of the proposed Measure in achieving the Assembly's long-term aim of Wales becoming a zero-waste country by 2050.

[6] **Jenny Randerson:** Before I turn to Mal, may I clarify that you do not believe that the sections of the proposed Measure relating to landfill, on fly-tipping, for example, are relevant to you?

[7] **Ms Gray:** We have concerns that certain aspects of the proposed Measure could lead to additional fly-tipping.

[8] **Jenny Randerson:** So, you will be expressing views on that.

[9] **Ms Gray:** Not detailed views, just our concerns that if aspects of the proposed Measure are introduced in a certain way, they could result in more fly-tipping, and we would like that to be considered.

[10] **Mr Williams:** Thank you for inviting me to give evidence. Cylch is behind the Team

Wales approach to the new Wales waste strategy, which is aimed at getting to zero waste by 2050, and so it would not very kind of me if I said that we were not behind every proposed Measure laid by the Government to achieve that end, and that includes all the aspects of the proposed Measure. One concern is whether the proposed Measure can be made effective, not just in how the money is raised through plastic bag levies, but on the background data that would be required to monitor this, to ensure that all these matters are made effective. However, our response to the general question is that we are well behind the proposed Measure, and we would like to see it implemented as strongly as possible.

[11] **Jenny Randerson:** Right. We move on to sections 1 and 2 of the proposed Measure on single-use carrier bags. Christine is to start.

[12] **Christine Chapman:** These questions are addressed to you both. First, are you content with the Minister's proposals to use the powers contained in the proposed Measure only if a voluntary agreement fails, or do you believe that a mandatory scheme should be established from the outset?

9.20 a.m.

[13] **Mr Williams:** In my evidence, I have stated that we would prefer a mandatory scheme. The reason for that is that voluntary measures, where commercial interests are concerned, are very rarely followed; even if they are followed, they are followed cynically to the letter. I give as an example the European legislation about mobile phone use, as mobile phone companies are supposed to have dealt with the roaming charges. Legislation stated that the roaming charges had to be limited to €40 a month. That was put into effect on 31 March last year, but they were given a year in which to implement them, so they implemented them at midnight on 31 March this year. If we are saying that we expect all retailers, of which there are some 2,500 in Wales, to agree that they will voluntarily get on board with this proposed Measure, we are being very optimistic. It will be left to the larger retailers to get PR out of the fact that they are complying with the scheme, but that will only touch the surface—and, frankly, it would be unfair to all the others as well. If we are to make this effective, it needs to be implemented as a mandatory piece of legislation from the outset, so that everyone is on a level playing field from the beginning.

[14] **Ms Gray:** We have a slightly different opinion. We are happy to start off with the voluntary scheme, but we want the legislation to be in place in case the voluntary scheme fails. However, we feel that it is important to give the voluntary scheme the best chance to succeed, and it should be introduced in a way that makes it easy for retailers to implement so that it can be fully understood by consumers. If retailers do not participate in distributing funds, or if different retailers select a wide variety of schemes and beneficiaries, it could result in the public not understanding what is happening. It is very important that the voluntary agreement that is being discussed for after this summer takes into account a lot of the things that Mal has said, that it is easy to implement by all the retailers, and that the public understands the reason for the charge. The important thing here is changing behaviour, and therefore the message of why the charge is being put into place needs to be clear to the people participating: it is there to get a reduction in carrier bag use and waste.

[15] **Christine Chapman:** Do you believe that there should be a threshold on the size of the retailers that should be covered by the voluntary and mandatory scheme?

[16] **Mr Williams:** No. A retailer is a retailer.

[17] **Ms Gray:** I will give a slightly longer answer to that one. We think that everyone should be involved in a scheme for the reasons that I stated earlier; otherwise, there will be confusion. However, perhaps there is an opportunity for organisations such as mine to work

with local shopkeepers. We can understand why the larger retailers have been selected: because they probably have schemes in place already and it would be easier for them to implement. If, in rural areas and the Valleys, organisations such as mine could be involved, we could put a simple system in place, which would mean that it would be easy to collect the money, it would be of minimum inconvenience to those local shopkeepers, and it would benefit local communities and the environment. For example, the organisations could work with us. We have dedicated officers in 22 local authority areas who work with local groups on exactly the sorts of projects that are covered by the proposed Measure. We deal with litter and waste, we create green space, and we support people's health and wellbeing through those activities. We also support the ecosystems by creating and restoring habitats.

[18] The option would be there for smaller retailers to pass on the burden and the revenue to us. We would then act as the administrative body, with the requirement that the funding be used to support projects in the local area. That would provide a transparent scheme that could be monitored and would be of benefit to local retailers, as they could market it to the local community, and it would show the local community what is happening for its benefit. It would also avoid the situation in which a group becomes reliant on the funding, for example, if a local shopkeeper decides to give the funding to run a local voluntary group. So, it partly answers the question of why we believe the voluntary scheme should be given a chance first, as there are options to include everyone.

[19] **Christine Chapman:** Moving on to the next question, do you believe that the proposed scheme should make provision for a trigger mechanism to move to the mandatory charging scheme, and, if so, who should be involved in determining that?

[20] **Mr Williams:** To a certain extent, my answer must be, 'Not applicable', so I will pass on that question, if I may.

[21] **Ms Gray:** There needs to be clarity regarding whether the voluntary scheme is succeeding or failing—there should be some sort of indicators. I suppose that the indicators would be used to assess the success of the scheme, which would then trigger that move. We are not experts on developing indicators, but we have tried to think of what might be used. For example, are retailers participating? How many retailers have reached agreement with voluntary organisers and charities to distribute the funds raised by the charge? Those should be relatively easy to calculate. If those organisations are not receiving any funds, that may be the indicator that the scheme is failing. Furthermore, if the environmental benefits have not been achieved, the scheme could be said to be failing. These are just points that we have thought about in the short term. It is probably for the Assembly to come up with some suitable indicators, as that would be its area of knowledge rather than ours. However, we would suggest that retailers, voluntary sector organisations, charities, the Welsh Assembly Government, and local authorities should all be involved.

[22] **Christine Chapman:** Do you think that the proposed Measure should contain provisions for a date for when the success of the voluntary scheme should be reviewed?

[23] **Ms Gray:** Yes. We feel that it should be a minimum of a year, with perhaps informal quarterly updates to the Assembly. That should be included in the proposed Measure.

[24] **Mr Williams:** Again, that question is not applicable to us.

[25] **Jenny Randerson:** Brian Gibbons has the next questions.

[26] **Brian Gibbons:** Jeanie, you started off by speaking about how the money would be distributed. Your suggestion is that several named organisations—such as yours, coincidentally—should be involved in that, and you began to elaborate on the advantages of

doing that. However, there must equally be a risk that local links that have been developed by retailers with local organisations will be compromised by introducing a middle man along the lines that you suggest. What do you see as the particular strengths of your suggestion, other than what you have already said?

[27] **Ms Gray:** The aim of the scheme is not to raise funding. It is good that a local retailer can set up with a local group, but the difficulty then is that the work of that local group becomes reliant on the funding, and the aim of the scheme is not to provide long-term funding. If someone is working with that local group, perhaps they can help them to manage the money, make it last longer, or look at alternative ways of establishing what they are trying to do, as well as relying on the funding from the local retailer.

[28] **Brian Gibbons:** That follows on from the point that Cylch made, which was a good point, as to whether some of this money could be used as a sort of long-term endowment fund, which I believe is what Jeanie is saying as well. I believe that most organisations would like to have the cash flow, albeit over a short period of time. However, how realistic are the opportunities for setting up an endowment fund along these lines, and do you believe—to pick up on Jeanie’s point—that you need a bigger, independent organisation to do that?

[29] **Mr Williams:** Yes. I gave two suggestions in my written evidence as to where we thought the funding might go. Both those suggestions are based on the fact—and I agree with Jeanie on this—that the more successful the measures become, the less money flows in, because fewer bags will be sold, with any luck. However, that means that where you put the money is important, to get the best long-term benefit from it. From our experience, many organisations that are members of our organisation, as well as those that are members of the Wales Council for Voluntary Action, are good at spending grants. Therefore, I would steer away from just a grant-making body and go for a longer term rolling investment programme, which is the kind of thing that we are setting up with the Charity Bank in Wales and the Wales Sustainability Reinvestment Trust. That is basically an endowment fund that would be a rolling loan programme, which would enable the kind of things that Jeanie was just talking about—to have longer legs.

9.30 a.m.

[30] While waste has received a sizable cash input over the past seven or eight years, the environment is still fairly starved of serious investment. The Environment Wales scheme, of which Keep Wales Tidy and Cylch are core members, has been set at the £1 million mark since its inception in 1989 or 1990, when it grew out of a project. Its budget is still set at £1 million now, which is 20 years later. While the fund was doing some good stuff in 1989 or 1990 and remains very good at distributing funds—it does a great deal with £1 million—you can imagine what it would do with a funding programme that was funded for something like this. It would make a good fist of distributing those funds.

[31] So, there is a plea to put more funding into the environment generally, rather than just into waste. The Environment Wales project is very even handed about all the kinds of things that we are talking about, such as the local environment, equality, biodiversity and so on, as well as waste and recycling.

[32] **Brian Gibbons:** Do you accept that retailers may express some resistance to that approach?

[33] **Mr Williams:** Yes, and I have a long memory about the landfill tax scheme, which was introduced in 1997. It was left in the hands of waste companies to decide what good projects they should send their money to. So, surprise, surprise, they gave all of their money to build golf courses and to repair church roofs—I am not saying that that is a bad idea, but it

was steered away from investment in recycling, for example. That has set us back about five years, and, to this day, it is used as a sort of public relations budget for the big waste companies, rather than for what it was intended, which was to invest in the recycling infrastructure and to move away from waste. However, that is not surprising given that they are waste companies.

[34] **Brian Gibbons:** Does there need to be independent regulation? If we went down this route, would you be happy for the various organisations, such as Charity Bank, to decide? Do you think that there needs to be some independent regulation and inspection of the process over and above that, and linked to that? What do you think the reporting mechanism should be?

[35] **Mr Williams:** Environment Wales reports fairly extensively to the Government at the moment. The Wales Council for Voluntary Action is the administrative partner and has fairly regular meetings with the relevant department. That mechanism is well established. You may want to add a few people to the grant panel and to the steering group, if more money becomes available. Likewise, if you decide to allocate the money through a mechanism that is already set up, with the Charity Bank as a partner, then the reason that it is a partner is because of its banking licence, because it is regulated by the Financial Services Authority, and because it only invests in charities. So, it has the skills and the patience to do the investment in the right way. We are finding that very successful, and we have only been working with it effectively for two years, but it has made a huge difference.

[36] **Brian Gibbons:** Do you have any concerns? Some of the caveats in all of this are the administrative costs and that the money may not be handed over. Obviously, the retailers can take the money out of the pot before it is handed over. Do you have any concerns about that? Do you think that there should be some ring-fencing of what constitutes an administrative cost?

[37] **Mr Williams:** Yes. That is the tricky question and that is where the size of the retailer matters. That is not a question that I would like answer now because I do not know what range of turnover and profit margins is being talked about. That needs careful consideration. If you are talking about trigger mechanisms, it is possible that you would have to scale the administrative charge—the percentage of the retained net profit, if you like, on the sale of the bags—according to the size of the organisation. I would expect larger organisations to make a donation of that—in other words, they would do it for free for their corporate social responsibility—but corner shops would probably need 5 per cent or 10 per cent. However, you could do it on a scale. Again, that needs to be transparent and upfront. If it is published as being transparent and upfront, no-one will like it, therefore, we know that there will be resistance, so it is a question of making sure that it is fair. It is absolutely the role of Government to be firm and fair on those issues. I do not think that there is an argument on the street against these issues. No-one likes plastic being wafted around the motorways and so on; everyone has an attitude to that.

[38] **Brian Gibbons:** The retailers might object to two new tiers being put in, one of which will be the distributors, and then a regulator above it. Someone will have to pay for them.

[39] **Mr Williams:** Yes, indeed.

[40] **Ms Gray:** We questioned the fixed charges that were put in the explanatory memorandum and, along the lines of what Mal was saying, we were looking at a proportion of the amount collected on an agreed percentage. It would be a proportionate amount of the charge that they collected, and a percentage of that would be allowed to go towards administrative costs, rather than the £30 and £15 set charges that were included in the

explanatory memorandum. We would be open to look at the need for an independent regulator and whether this could be done in some alternative way to keep the costs to a minimum. It would suggest to people, perhaps, that this is a long-term thing and we all hope that it will not be a long-term thing.

[41] **Brian Gibbons:** Do you want me to carry on, Chair?

[42] **Jenny Randerson:** Yes.

[43] **Brian Gibbons:** One of the things that came up, particularly in the Keep Wales Tidy evidence, which I think was important, was that you were quite specific that any funding raised should be given to environmental charities. That is a matter for definition again, but that would mean that some of the existing arrangements that a number of the retailers have with healthcare charities, for example, would have to finish. What is your attitude to retailers who are already supporting non-environmental programmes with the funds that they raise through their own informal levies at present?

[44] **Ms Gray:** It is important that the funding deals with the problems created by single-use carrier bags, which is the reason why the funding is being collected. It is to deal with those problems and to change behaviour. There are many ways that the organisations are working with the environmental sector. As Mal has always said, we work with community groups, as does Environment Wales. The work that we do also has health benefits. It is not just about looking at the environment as a single issue because the environment has an impact on people's health, such as their mental health. By being involved in activities to collect litter and waste, they get physical activity and a sense of community, and that involvement alleviates things like isolation and helps with intergenerational issues. These are a lot of the things that cause the ill health and which the funding is already being given to, through some of the organisations with which the retailers already have things set up. Possibly we could demonstrate that, by tackling the problem, we are looking at the causes of some of those illnesses, and therefore it makes a better connection between the reason why the charge is being collected and what is happening on the ground.

[45] **Brian Gibbons:** We know from the evidence that we have had that a number of the retailers, for example community pharmacies, like Boots and so on, are already contributing to cancer charities. The effect of what you are saying, even on a voluntary scheme, is that those contributions to healthcare charities, in this instance, should stop and the money should be diverted to environmental schemes, and that the success and failure of this particular project then has to be judged in terms of how that diversion of money takes place.

[46] **Mr Williams:** I would take a slightly different line. If you look at it before and after the plastic bag issue, you would see that the larger retailers have reasons for making donations to the charities that you mentioned—all of that comes under the general heading of corporate social responsibility and it is part of their marketing. They should feel free to do that and I would encourage them to give much more of their profits to such charities because I think that it is in their interests to do so in the long term. When the price of fuel goes up and suchlike, they will probably face quite fierce competition, as their markets decline, to survive. So, that will be an interesting one.

9.40 a.m.

[47] As far as the plastic bag tax revenues are concerned, I agree with Jeanie that it is important, because it is a behavioural change that we are after, to link the revenue that you gain from selling all these bags to the results of that revenue. It has to be fairly clear to people that they are paying for a plastic bag in order to reduce the number of plastic bags in the environment in the first place. The better that is targeted and communicated, which is another

issue, the more effective it will be in changing habits.

[48] **Brian Gibbons:** I think that both of you, on the cultural change and so on, made the point that you support an information campaign for public awareness. Who do you think should organise and pay for it? Where should the money come from, particularly in these difficult times?

[49] **Ms Gray:** I think that it has to come from the charge, because it is about the charge, and why we are doing it. It comes back to the message: if we do not tell the public why the charge is there, people will not understand and it will just be seen as another tax. We need a campaign to explain the purpose of the charge, and that requires a simple message.

[50] **Brian Gibbons:** That explains how it would be paid for, but who do you think should organise such a campaign?

[51] **Ms Gray:** It should be organised by the Assembly.

[52] **Brian Gibbons:** Do you mean the Assembly Government itself?

[53] **Ms Gray:** Yes, working in partnership with others, such as the voluntary sector and private retailers. If you leave it entirely to the private retailers, you could get a lot of mixed messages. That is why I am saying that the message needs to be simple. If we left it to them, we could get a jumble of messages about what the funding is being used for, as per the previous discussions around social responsibility. How will that make the link with environmental improvement? The campaign would be best run by the Assembly Government, using money from the charge, but the Government should work in partnership with the people who distribute the funding and with the retailers who collect the funding.

[54] **Mr Williams:** It could well be a part of the way in which the money is distributed. We are not averse to seeing clauses in grant memoranda or loan agreements that state that you must put a badge or logo on whatever you are producing or report in a certain way. It is a matter of ensuring that the scheme is well designed. It may be that, initially, you need to design some sort of mark that indicates that the money being spent on a particular project was funded by the plastic bag tag, just as things funded by the European Union carry the EU logo. That pushes the message out. I would say that nearly all the organisations that we are referring to in the voluntary and charity sector are pretty good at getting these messages out into their local communities. One of the things that I find frustrating, to a certain extent, when we are working on the waste issues is the over-centralisation of the messaging. It is almost as if there is a lack of trust and that people will not give the message out correctly if they are 100 miles away from Cardiff. There is a sense of, 'Oh no, they won't do it properly'.

[55] **Brian Gibbons:** But that is exactly what you are proposing, that the Assembly Government should do.

[56] **Mr Williams:** No, I am not proposing that the Assembly Government should do it, but once the Measure is in place, one ingredient of any kind of distribution process of the money could be an assurance that the message is being communicated along certain lines—a sort of franchised message, if you like. I do not think that that would be difficult.

[57] **Brian Gibbons:** It seems bureaucratic, but anyway—

[58] **Ms Gray:** I should have said earlier, when I mentioned our officers being on the ground, that they have said that the most effective way of getting a message across is personal face-to-face contact. What Mal was saying is that, if you have centrally organised communication with a key message, you can still have people on the ground who can give

that message face-to-face to the public.

[59] **Brian Gibbons:** I will just ask the last one, Chair. If people like you would be involved in distributing this, should there be a list of specific, eligible organisations?

[60] **Mr Williams:** Just because the money is available and the organisations exist, I think that there has to be an application process, and that needs to be thought about to ensure that the bodies that apply for funding through that scheme are properly constituted and so on. That is totally normal.

[61] **Brian Gibbons:** That would be all the requirements?

[62] **Mr Williams:** Yes.

[63] **Jenny Randerson:** We now turn to sections 3 to 8 on waste targets, and Jonathan will ask some questions on those.

[64] **Jonathan Morgan:** I have a few questions for Mal on waste targets. Looking at the proposed Measure and how it addresses municipal waste, are you satisfied with the scope of the provisions? Do you feel that the proposed Measure provides local authorities with the appropriate tools to reduce municipal waste?

[65] **Mr Williams:** We are very keen on statutory targets. I do not know whether that sounds surprising; I am starting to sound like a legislator, but I think that they are important. They provide clarity and, as I said earlier, the role of Government is to give clarity to everyone else. One reason why we have taken so long to get to where we are is because that clarity has been lacking for the most part. I am a very impatient recycler. As the Chair will know, I have been in the business for over 25 years, as I think you have, and we have been watching the advancement of recycling and waste reduction over a 20-year period, when it could possibly have been easily achievable over half that time. One reason for that is the lack of clarity in the targets that we were setting. Twenty years ago, I was defending a line that said that you could not recycle more than 25 per cent of what exists in a municipal area. Ten years ago, it was 40 per cent; eight years ago, it was 50 per cent and now it is up to 60 or 70 per cent, and we have a zero-waste target in the new strategy. So, you can see what I mean—it is a long process.

[66] The fact of the matter is that waste has been outlawed by the European Commission and whatever we do, the circumstances that will prevail will push waste up the hierarchy of concerns and that outlawing will be made effective because, while we talk about this proposed Measure, the European Parliament is talking about adjustments to the new waste framework directives, which will probably make 70 per cent a minimum accepted target, because they are talking about banning organic waste to landfill, which accounts for about 70 per cent of current waste. That is an interesting thought. I do not see any point in messing around with allowing targets to gradually increase. I think that it is important that we set the target, as we have now done, at zero. I think that 2050 is much too long a timescale, and I made that clear as part of the Team Wales approach, but 2050 is the target; we could probably do it by 2025, but having said that, the stronger the target, the clearer you are about it and the more effective that is made, the better it will be.

[67] You asked whether local authorities will have the tools to deliver. One thing that a statutory target implies is that statutory provision will be made somewhere acknowledge that there will be a heavy cost to not hitting the target. I do not know whether that means that the local authority would have to pay infraction fines for not hitting the target, which is being set at £200 a tonne as we speak—and who is to say that that will not be adjusted anyway? Furthermore, the cost of landfill is going up year on year, so the economics of the situation

are being changed all the time. In the last four years, I have watched the value of the materials that we collect go from £20 per tonne as a basket price to around £80. So, the trend, as you can see, is inexorably towards an economic situation in which, at some point, someone will spot a profit. Then, the marketplace opens up and the local authorities will have to compete for those materials. We are not quite there yet, and the mathematics does not quite work out because there is still the fact that local authorities, with their statutory duty for waste, have to make some sort of payment to make recycling effective. However, it is only a matter of time.

[68] So, coming back to the question, the implication with statutory targets is that anyone who takes material from the material waste stream is entitled to have some payment from the local authorities for doing that work for them. That means that the marketplace will open up to others, such as the private sector and the community sector, if they have the ingenuity and knowledge to go and get those materials and sell them in the marketplace. That will have a material effect. So, to get ahead of that, the stronger the proposed Measure and the more emphatically it is enforced, the quicker we will arrive at that situation and the quicker we will reduce waste.

9.50 a.m.

[69] **Jonathan Morgan:** You argued in your written evidence that the best tool for local authorities would be to charge for household waste collections based on weight. Is there a danger of sending out a mixed message, because earlier you were both talking about using the money from the carrier bag charge to convey the franchise message, which I think is how you termed it, about the real benefit of introducing a carrier bag charge and how we want to encourage, in a positive way, a change in behaviour and attitudes. Charging a household for its waste by weight would be to use a substantial stick, not just to change behaviour but to force people in a particular direction. Is there the danger of a mixed message?

[70] **Mr Williams:** I have not reread it that closely, but we have always held the view that we will work with people voluntarily in the sense that, with the measures clearly set out, we would only use charging for the last 15 to 20 per cent of waste. We are recognising the fact that over 90 per cent of the population participates fully in the kerbside schemes and suchlike that we have been operating, because those people always said that they would. They have been saying that for the 20 years that I have been involved in this. It has just taken us 20 years to listen to them and give them the schemes that they want, which in this case involves the kit that you are fairly familiar with for putting recyclate in. However, when you get to the last 10 or 15 per cent, that is the time to start thinking about charging. If it does not say that in the evidence, what I mean is that we must signal that we will charge by weight in the end and that, for the moment, we will see how well people can do. So, it is a stick, but more in the sense of future threat rather than something that we would introduce quickly.

[71] **Jonathan Morgan:** Do you think that the statutory targets that you referred to on recycling should cover other sectors beyond municipal waste?

[72] **Mr Williams:** Yes, they should cover all waste. What is interesting about waste—I have fallen into this trap myself when writing up the strategy—is that we always talk about the waste that we are familiar with: that is, what happens in the kitchen or the office. However, the same sort of waste analysis applies to all sectors. About 80 per cent of commercial and industrial waste and construction and demolition waste is fairly easily recyclable, if only it is put out separately. The same principle covers all waste streams, with the possible exception of medical waste. I say ‘possible’ because we have not looked closely at that. I suspect that, even there, there would be a similar result.

[73] **Jonathan Morgan:** You say that you are disappointed that the proposed Measure does not include targets for the reuse of electrical and electronic equipment. Again, should

those targets be placed on local authorities or on all sectors?

[74] **Mr Williams:** Again, on all sectors.

[75] **Jonathan Morgan:** I was going to ask you about the financial penalties, but you were clear in your view on non-compliance. With regard to the waste infrastructure that we have in Wales, do you think that we have sufficient capacity to deal with the increased levels of recycle that may arise as a result of statutory recycling targets?

[76] **Mr Williams:** I would have to switch hats to give a full answer on this. I chair the Campaign for Real Recycling, in which about a dozen people represent the UK reprocessing industry, and they represent 85 per cent of the tonnage of materials that are recycled in the UK. So, people from the paper mills, people who work with glass and so on sit around the table. They tell me that, at the moment and for the foreseeable future—I do not quite know what they mean by that, but let us take five years as ‘the foreseeable future’—they will be able to cope with any amount of recycling with the kit that they have in place if the quality of material that is collected is sufficient. Their big problem, and the reason for the campaign, is that, as recycling tonnage has increased, the quality has been going down. The people operating the material recovery facilities, such as the one in Cardiff, have had to turn up the speed of the conveyors, I suspect, and deal with heavier tonnages as more people participate. While they could easily cope with 100 tonnes an hour, a day, or whatever it is, they cannot cope with 150 tonnes over the equivalent period. It becomes low quality, and that is a real issue for them. In fact, in October 2008, when the crunch hit us, the UK processing industry was made almost completely bankrupt by the fact that the quality of materials in this country was so poor, and they had to import from elsewhere. Higher prices had to be paid to import the quality feedstock, which is nonsense when we are collecting the stuff in this country.

[77] **Jonathan Morgan:** Returning to the issue of the reuse of waste electrical and electronic equipment, do you think there is sufficient infrastructure to deal with the demand for that?

[78] **Mr Williams:** Again, that is a slightly difficult question to answer. I know that there is a lot of capacity in our own sector to deal with that. Before the waste electrical and electronic equipment directive, which I believe was introduced in 2003-04, most of our projects were about 40 or 50 per cent reliant on income from white goods in their shops, one way or another. That fell to almost zero when the WEEE directive came in, and the reason for that is because the directive has had the overall effect on Wales that sees everything disappear into England to be scrapped and sold. The reasons are quite complex, but Dixons, Currys and so on have been running take-back schemes that they did not have before. Our projects were getting the materials before and sorting, sifting and degassing them and all the rest of it, but now, let us just say the A55 and the M4 are very big drains for white goods. Stuff was going past Swansea and Cardiff on its way to somewhere else and coming back to Swansea and Cardiff to be sold, which is nonsense. We are looking at giving evidence to the waste advisory board and others to try to change that, but it is a bit of a long process. We could do better by focusing on it a bit more under the general heading of reuse.

[79] **Brian Gibbons:** On the WEEE directive, you probably know of the Enfys Foundation, which operates in Jersey Marine in my constituency. It has expressed a great deal of concern about the difficulties in reusing this type of equipment. You have mentioned a couple of reasons there, such as national contracts—which means UK contracts—for bulk, removals and so forth, but it also lays down the issue of accreditation for refitting this equipment or whatever is done to it. Is that an issue as well?

[80] **Mr Williams:** It is an issue that I was going to bring up under ‘any other business’, in the sense that we need training in this sector to be more focused—we have a problem on the

Energy and Utility Skills and Department for Children, Education, Lifelong Learning and Skills side of things. It is an interesting problem as it is a new area. Recycling NVQs are fairly new, as you are probably aware. Therefore, making a case to Department for Children, Education, Lifelong Learning and Skills for new NVQ placements when all the other ones are fairly well established has been very difficult and we need to focus on doing that a bit more. When Cylch started, I estimated that we would probably be in the business of creating 9,000 jobs across Wales, and most of those jobs would require that new kind of training. Okay, things are changing, and Robert at Enfys has a good training programme that is well written and all the rest of it. It is linked to the Haynes-manual way of doing things; it is a very good product. It is not accredited yet because there is not a body capable of accrediting it, and we were talking about that only yesterday. We are on the case.

[81] **Brian Gibbons:** But is that a bigger systemic problem across Wales?

[82] **Mr Williams:** It is certainly a big issue.

10.00 a.m.

[83] **Jonathan Morgan:** This is my final question. In your evidence, Mal, you talk about the difficulties of monitoring and therefore the reporting of municipal waste by local authorities. You say that the way that some local authorities collect materials for recycling makes it impossible to accurately report the diversion of biodegradable municipal waste from landfill. Do you believe that the proposed Measure should make specific provisions for monitoring local authority progress towards achieving statutory waste targets, or is it more fundamental than that?

[84] **Mr Williams:** On whether the proposed Measure can add to it, that may be the case once we start approaching infraction fines for the non-achievement of targets. We are still on the low-hanging fruit at the moment. Wales is at 40-odd per cent now; low-hanging fruit takes us beyond 50 per cent. However, at 50 to 70 per cent, which is the next target that we have to hit, it will start being difficult for people who have made bad decisions in the past about how they collect materials. One issue that Cylch and the campaign is concerned about is the fact that, even though we have been raging about the data ever since I can remember—that we have to have accurate data—there is still a tacit acceptance that recycling targets are what concern people most, not the accuracy or the quality of the processes that are being put in place to achieve what should be the target, which is to recover the maximum amount of high-quality recycled material for re-use in Wales for the benefit of creating wealth in Wales. However, that is a longer term issue.

[85] I believe that the new waste strategy addresses that categorically, but we still have the data problem. For example, Cardiff Council puts a lot of tonnage through the materials recovery facility, but a lot of tonnage is sold into the commercial market. That tonnage is not reported as having gone to landfill—therefore, by implication, that it has been recycled, when it has not. Eventually, the council sells quite a large proportion of the stuff that comes off the back-end of the conveyor belt. In other words, although the council attempts to sort it, it is then sent to someone who pays £5 a tonne, or so, for it, because the council would have to pay £65 a tonne to put it in the landfill site at Lamby Way. The council will, therefore, sell it to someone who will buy it on the off-chance of getting 50 per cent out of it, and they will then sell it on to a third person, who might even be paid to take it away. However, as long as it is less than £65 a tonne, it is still going into this commercial mire, which is, apparently, detail that we cannot access, because it is commercially confidential.

[86] Everyone knows that that is happening, so the reported targets are probably overstating the affair. This does not matter when you are down in the 40 per cent target, but when you are 1 per cent away from having to pay a £200 infraction fine, it becomes a serious

legal matter, and the lawyers will come in and say that you did not count the stuff properly. Therefore, there is a huge problem coming up for when we get close to not meeting targets, rather than meeting them, because of this data. I was hoping that the proposed Measure could enforce the fact—and I do not see any reason why it should not—that local authorities should be able to, in their dealings with what they have control over, know where materials are going, exactly what will happen to them and where they end up. This destinations issue is also the subject of Nerys Evans's proposed Measure. It is causing a great deal of concern. We have complained to the European Commission about this, and we will be pressing buttons—from the campaign point of view rather than Cylch. We are seeking to talk to the Environment Agency and to the Department for Environment, Food and Rural Affairs about this, because it is vital.

[87] **Jenny Randerson:** Finally, we move on to sections 9 to 11, on landfill. Bethan Jenkins has the next questions.

[88] **Bethan Jenkins:** From what you said earlier about wanting more re-use credits and targets in that area, I presume that you would say that introducing landfill bans alone would not be sufficient. However, do you believe that that would address this issue in Wales?

[89] **Mr Williams:** I am very much in favour of signalling the fact that landfill bans are going to be introduced, in the same way as being very much in favour of signalling that we are going to charge for tonnage of waste that is not recycled. That sends a clear message. We are trying to improve behaviour. One of the main objectives of the European landfill directive, which is probably what mostly drives the statutory legislation, is the ban of organic waste to landfill, on which we have derogation until 2020. So, I do not see why we should not have a landfill ban a little earlier than that, so as to focus the mind. Organic material should not be going anywhere other than back into our agricultural land or gardens, depending on where it arises.

[90] There is considerable amount of research and interesting stuff going on, using microbes and algae and all sorts of things, converting that material into a valuable product. Wales can grasp that, because it is quite manageable here, and we have the ability to make maximum use of all that organic material and secure a bit of a market lead on some of the interesting developments that are happening using that organic material for purposes other than growing flowers.

[91] **Bethan Jenkins:** This question is similar to the questions that have been asked before, but it relates to this context. Do you believe that there is sufficient demand in recycle markets in Wales for the additional recycle that may be generated as part of this landfill ban?

[92] **Mr Williams:** To return to an answer that I gave earlier—I sound like the Prime Minister during question time. [*Laughter.*] The guys sitting around the table on the campaign for recycling are forever saying that they can cope with any kind of increase, but I do not know whether we have done a mass balance analysis on whether they can cope with all municipal waste. They certainly can cope as far as paper and glass are concerned, but I am not quite sure about textiles and things like that. However, the highest tonnage is in the paper and glass that is collected, and they can cope with that, because it saves them from having to import all of that material; it is nonsense that we are importing paper for newspapers from Germany.

[93] **Bethan Jenkins:** If landfill bans for these types of materials were introduced in Wales, but not in England, do you foresee cross-border issues? The retailers, in evidence to us, said that that would almost definitely lead to cross-border issues, with retailers taking advantage of the situation in England—as is happening now with the white goods issue. Do

you foresee such a problem?

[94] **Mr Williams:** I can see it appearing on an edition of *Have I Got News for You*, with people sneaking across the border to buy plastic bags or whatever. It is an interesting question that is being addressed, as you are aware, in the strategy. Every attempt is being made to harmonise with our English cousins, particularly in the border areas, to ensure that that does not happen. It would be nonsense if, by banning things from landfill here, everything had to be exported to England—dumping our waste in someone else's backyard. We go along with the principle of waste exporting applying to Offa's Dyke and ensuring that we have the patrols to ensure that waste trucks are not travelling in the wrong direction. It is a difficult issue and my serious answer is that, if we did not harmonise and if it was happening, one way or the other, we would have a problem that we would need to deal with.

[95] **Bethan Jenkins:** How do you see the monitoring of that happening if you foresee that as a problem? What would be your answer to that?

[96] **Mr Williams:** I would lobby Westminster to do the same as us and to take a lead on this. If Wales is seen as the green and pleasant land where such things are not tolerated, I think that that is all to the good for Wales.

[97] **Bethan Jenkins:** I was coming on to that now. How do you think that any future landfill ban should be policed? The proposed Measure talks about offences in relation to landfill, so how do you think that it should be policed?

[98] **Mr Williams:** We would need to ensure that it was introduced in a way that ensured that there was always an option for people in Wales to get rid of organic waste properly. That is the big issue. So, once the investment in anaerobic digestion has taken place—it is, as you know, well on the way to taking place—and once those anaerobic digesters are up and running and they can take organic waste, that would be the time to start talking about making the ban enforceable. Then, as with anything else, you would need to enforce it very rigorously and have heavy fines for non-compliance.

10.10 a.m.

[99] **Jenny Randerson:** Jeanie, you have not spoken in this part. Do you wish to add anything?

[100] **Ms Gray:** I do not have the same level of expertise as Mal on this subject. Obviously, we have concerns. Clearly, it is about behavioural change; if we do not get the right behaviour and explain to people why we are doing these things, we will end up with people fly-tipping and problems with construction waste, in particular. I am also optimistic that some of these issues will be dealt with through the sectoral plans that are being developed in the waste strategy. With issues like construction waste and fly-tipping, there are other options of working with the retailers and builders' merchants, perhaps, so that you can set up facilities where these kinds of materials can be recycled on site. There are other tools, apart from this proposed Measure, that will support it, in terms of things being issued through the waste strategy. I have to be optimistic.

[101] **Jenny Randerson:** Okay. Thank you. Brian wishes to ask an additional question.

[102] **Brian Gibbons:** You mentioned a while back that a lot of money has been pumped into this to get it going, because of market failure, but one of the messages that I am getting from you is that this is a market of growing maturity and that, within a modest timescale, this will be self-financing. The need for Assembly Government funding of between £70 million and £90 million—I cannot remember the exact figure—in waste grants and so forth will fall

as this particular exercise pays for itself. Would that be a reasonable summary of what you are saying? Would you like to speculate on the timescale?

[103] **Mr Williams:** Yes. As an economist looking at it in the round, in the early days—probably up to two, three or four years ago, perhaps—we were in a situation where there was no market. There was an uncertainty about the market. I always called it a catch 22 situation; Jenny will be aware of this. Where you would ask people on the street whether they wanted a recycling system, they always said, ‘Yes; we do. Please give us a system and we will use it.’ As I said, it has taken 20 years to get there. On the other side, people were saying, ‘We cannot invest in this because there is no recycled tonnage coming through’. The markets—the people who sit around my table in the campaign now—were saying, ‘We can only give you the money for tonnage. The more tonnage that you can give us, the more security of supply, and the better the contract that we can write.’ Contracts of tonnage have only been in existence for the last four or five years; until then, it was fraught. So, there was no mature market or real sector of recycling.

[104] Now, we are talking about the emergence of a new industry: the recycling industry. One of my main objectives in the next few years is to differentiate between the recycling industry and the waste industry, because the waste industry does not have the requisite qualifications to do the recycling. It is a totally different way of looking at things. At the same time, as I mentioned earlier, the value of the materials has crept up gradually, as was the intention of the landfill tax, and even since the crash it has increased by around £10 or £15 per tonne. So, we are probably only around £10 or £15 per tonne away from the value of the material equalling the cost of collecting it, even if your cost of collecting it is a little loose. Someone coming in with a really good collection system that is sharp and well-designed—and I mean Marks and Spencer rather than Steptoe and son—will be able to make a profit out of doing it. Therefore, those materials will then become valuable and local authorities will be able to ask, ‘Why are we paying you money for the service when you are making a profit out of selling the materials?’ I think that we are a little bit away from that at present, but only just.

[105] I certainly see signs in the marketplace of the bigger players—recycling companies that are operating good systems—having spotted that. They are moving in on it now, for the first time. So, I think that there is an opportunity for local authorities to be making money rather than spending money on it. Standing in the way of this is this mythological perception that we have a problem with what we cannot recycle, which is why this 70, 80 or 90 per cent is really important. If there is only 10 per cent to deal with as waste, we do not really need to build a lot of waste treatment facilities. We need some, because 10 per cent of 5 million tonnes is still 0.5 million tonnes, which is a lot of waste. However, the kind of infrastructure that is being talked about—and I have heard figures going up to billions of pounds—is certainly not required in Wales; that would be nonsense. However, that myth exists in the rest of Europe, particularly in England, Scotland and Northern Ireland, as well as here in Wales.

[106] We need to have faith that people will participate. We can get to 90 per cent fairly easily, rather than 70 per cent, because that is what is technically achievable. The last 10 to 15 per cent will, undoubtedly, be difficult—we will probably need to redesign those, or ban them even; why should we put up with things that will pollute the environment forever? That is a question for you perhaps. That last 10 per cent may be rather expensive, in the sense that that is the bit that you cannot do. However, the industry is almost on the cusp of going into profit, and, for that reason, there is an opportunity to take the lead and do something with the wealth that is created.

[107] **Jenny Randerson:** Thank you both for your evidence this morning. A draft transcript of today’s proceedings will be sent to you so that you can make any corrections before it is finalised. Thank you very much for coming here today.

[108] We now move on to our next witnesses, who are from Environment Agency Wales. Welcome to this meeting of Legislation Committee No. 4. I apologise that we are running somewhat late and that you have had to wait. Our two witnesses are Joanne Sherwood, who is the strategic environmental planning manager at Environment Agency Wales, and Nadia de Longhi, the strategy and policy manager for waste regulation at Environment Agency Wales.

[109] We will move straight to questions. I have a general question to begin. Could you outline briefly for the record your position on the general principles of the proposed Measure, and whether you believe that its introduction at this time is appropriate?

[110] **Ms Sherwood:** Good morning, everyone. We support the proposals in principle, particularly because of the contribution that they will make to reducing waste and litter, and to ensuring more effective waste management in Wales. The proposals on the statutory recycling targets, landfill restrictions and site waste management plans most closely align with our remit. However, our support is qualified by several considerations.

[111] First, much of the detail on how the measures will work in reality will come in subsequent regulations, through consultation. So, while we support the proposals in principle, we look forward to working with the Welsh Assembly Government on the detailed regulations. Secondly, the legislation forms only part of the interventions that are needed to ensure sustainable waste management in Wales. We look forward to seeing the full picture when the revised waste strategy and the sector plans are published.

[112] Another concern is that some of the proposals could have unintended consequences if other interventions are not put in place at the same time. For example, there needs to be advice and guidance, and there need to be markets—which you have been talking to Cylch about—and infrastructure in place to accommodate, say, materials banned from landfill. Otherwise, there could be some perverse outcomes, such as materials going to England, or indeed fly-tipped, which would not be the intention, and we would not want to see that.

10.20 a.m.

[113] On the timing of the proposed Measure, from our point of view, it is the timing of when the subsequent regulations come into place, and how those marry up with the other interventions that need to be in place. I have already mentioned that, if there are no facilities to take banned materials from landfills, you could get some unintended consequences. Once that fuller picture is available, it will be easier to see how the legislation fits in with those other components. As we say, we believe that that will be set out in the Welsh Assembly Government's waste strategy and in the sector plans.

[114] **Jenny Randerson:** Do you believe that the proposed Measure and the explanatory memorandum take sufficient account of cross-border issues?

[115] **Ms de Longhi:** The Environment Agency operates in England and Wales, so we are mindful of how any divergence in legislation between the countries will impact on our staff and on the guidance that we give to address any differences in Government approach to regulation. Similarly, many of the people who we regulate operate in England and Wales, so they need clarity and certainty on what the legislation requires from them.

[116] The proposed Measure sets out the framework to give the Welsh Assembly Government the powers to make regulations under these areas, and therefore there is little reference at this point to cross-border issues. We would expect the consultation on subsequent regulations to contain more detailed consideration, particularly of any potential negative impact on organisations that operate between the two countries, and of how that can be managed, including a cost analysis of that. A few examples of possible negative cross-border

issues could include waste moving across the border to England, or an increased stockpiling of waste inappropriately. Conversely, there is a potentially positive side to it, as it could be advantageous for companies to locate in Wales, where the statutory recycling targets could stimulate the provision of additional recycling infrastructure, and markets for recycle in Wales, which fits in well with the green jobs strategy.

[117] **Jenny Randerson:** Jonathan Morgan has the next questions, which are on sections 1 and 2, on single-use carrier bags.

[118] **Jonathan Morgan:** In your evidence, you say that you support the backstop of a regulatory approach to require retailers to apply the revenue to environmental projects if voluntary measures are not successful within a reasonable timescale. What would you regard as being a reasonable timescale?

[119] **Ms Sherwood:** We believe that a reasonable timescale would be one in which there is sufficient time for retailers to put the voluntary scheme in place, to get it up and running, and to collect some sort of data, so that you could see trends in the success of the scheme, should any unintended consequences and any wilful non-compliance arise. The time that that takes is a matter of judgment. However, I can tell you about our experience of validating data for the landfill allowance scheme. That scheme was introduced in 2004, and the first review of the allowance was made by the Welsh Assembly Government in 2009. So, that gives some indication.

[120] **Jonathan Morgan:** A five-year period could be acceptable to allow something to be taken up, implemented properly—assuming that it could be implemented properly—and then reviewed at the appropriate time?

[121] **Ms Sherwood:** I think that that would give you time to collect some trend data, and see whether they were going in the right direction.

[122] **Jonathan Morgan:** Who do you think should be given the responsibility for deciding whether the voluntary scheme was successful, and should the proposed Measure set out the criteria for what the Assembly Government would regard as being successful?

[123] **Ms Sherwood:** We believe that the retailers and the Government need to work together to bring forward evidence about the success of the voluntary scheme, using information that they have collected, as well as the views of other stakeholders. There may need to be some guidance on what that evidence should look like, because you would want the same sort of evidence across the sector to make that judgment. However, the decision should be based on facts, rather than perception. Ultimately, the decision on whether to introduce a statutory scheme for distributing the revenue would be a matter for the Minister.

[124] We do not envisage that the criteria would need to be put in the proposed Measure, rather, it would form a part of the subsequent consultation on the detailed regulations. We think that the criteria would be a matter for discussion between the retailers and Government, because, after all, retailers know that sector best. However, for example, we envisage that they could cover such things as the level of co-operation among retailers, namely how many are complying voluntarily, as well as a possible target for the reduction in the number of single-use carrier bags used. We notice that WRAP Cymru has indicated in some work that there have been voluntary reductions of 48 per cent when the major retailers took part in a voluntary scheme, against a target of 50 per cent. It might have been the target that focused their minds. So, that could be important.

[125] **Jonathan Morgan:** Do you have a view on whether it is appropriate for individual retailers to administer the charging arrangements themselves, or whether there should be

some sort of independent regulatory body to oversee this—for the voluntary scheme, the mandatory scheme, or both?

[126] **Ms Sherwood:** We support the retailers being given an opportunity to administer the scheme themselves. That is in line with the approach that we take with the people whom we regulate, so we are moving towards a system in which operators are encouraged to self-monitor their discharge of emissions. It is only if good evidence is brought forward that a voluntary scheme is not working that there should be the backstop of regulation. The regulation itself would place an extra burden on the retailers and would also undoubtedly place an extra burden on the local authorities. That is why we think that it is important to see whether the voluntary scheme works before bringing forward regulations.

[127] **Jonathan Morgan:** In your evidence, you also recommend that the opinion of the public be sought when distributing any potential funds for environmental projects. How do you envisage that that would work?

[128] **Ms Sherwood:** Again, that would be for the subsequent regulations rather than for the proposed Measure itself. We said in our written evidence that our preference would be for the funds to go to environmental causes because of carrier bags' cost to the environment—the resources taken to make them and also the litter that they cause. It is important that the public have a say in where the funds go, because that is more likely to lead to buy-in for the scheme and the distribution of the funds. We feel that retailers are best placed to understand how to engage their customers on the distribution of the funds. We also understand that many retailers have local arrangements in place. We would not wish to interfere with those, although we think that there needs to be some transparency regarding the net revenue that the retailers get and who receives those funds.

[129] **Jonathan Morgan:** Waitrose, in my constituency, has an innovative way of supporting local charities: it gives shoppers who have used their own bags a green plastic coin and asks them to put their green coin in one of three plastic containers, in support of one of three local charities. The charity that gets the most plastic coins gets £1,000, or something like that. I assume that something similar would work quite well so that the public is consulted on where money should go.

[130] **Ms Sherwood:** Absolutely. Different retailers will have different ideas about how to engage people. The important thing is that people need to be engaged so that you get the change in behaviour and they understand the link between reducing waste and reducing the impact on the environment.

[131] **Jonathan Morgan:** I recommend that we undertake a committee visit to Waitrose.

[132] **Jenny Randerson:** That is a very good idea. Does it not have a coffee shop as well?

[133] **Jonathan Morgan:** It does. [*Laughter.*]

[134] **Jenny Randerson:** We will move on to sections 3 to 8. Bethan will ask some questions.

[135] **Bethan Jenkins:** My questions relate to the waste targets. Do you have any concerns that the setting of statutory recycling targets and penalties for non-compliance with these targets would lead local authorities to concentrate efforts on recycling at the expense of other waste issues, such as waste prevention or minimisation?

[136] **Ms Sherwood:** It is fair to say that we are concerned that statutory recycling targets may mean that local authorities choose to focus on recycling at the expense of delivering, say,

the non-statutory waste minimisation targets that are set out in the Assembly Government's draft Wales waste strategy.

[137] Waste prevention and minimisation is at the top of the waste hierarchy. That is the ultimate aim of much of the European and domestic waste legislation. So, while we support statutory recycling targets as a way of moving waste away from the bottom of the hierarchy—so, disposal, or even recovery from waste—we are concerned that an unintended consequence could be that we miss the aim of moving towards the top of the hierarchy, namely prevention and minimisation.

[138] **Bethan Jenkins:** Do you believe that statutory waste targets should cover all sectors in addition to municipal waste?

[139] **Ms Sherwood:** We support the use of recycling targets for all sectors. Some of the commercial waste that will be collected by local authorities will be included within the statutory targets. However, there are non-statutory targets in the draft Wales waste strategy for the industrial and commercial sector and the construction and demolition sector. We support those. They are not statutory targets, and we have voluntarily collected information through an industrial and commercial survey, but those industries participated voluntarily to give us the information. On whether those targets should be statutory, we would be mindful of the fact that we would create a new regulatory burden on those particular sectors, and also a new regulatory burden in terms of monitoring and enforcing any statutory regime.

10.30 a.m.

[140] The other thing that we keep in mind is that, aside from targets for recycling, there will also be other drivers in those sectors that will encourage recycling, such as the increase in landfill tax, which will mean that it will become progressively cheaper for companies to recycle than to take their materials to landfill. If they have a permit, it will be in the conditions of their permit that they should make the best use of resources. The cost of virgin materials over time will also increase in comparison with recycle and, therefore, it will be more natural for businesses to use or to seek ways to use the product within their sector to save costs.

[141] **Bethan Jenkins:** There is a table in the proposed Measure of targets for local authorities, and they have the same percentage targets across the board. Is it achievable for all local authorities to have the same targets? We had evidence from WRAP that local authorities have different pressures and may not be able to deal with it in the same way, so to have the same targets may be difficult. Is that your opinion too?

[142] **Ms Sherwood:** Yes. We think that it will be much more difficult for some local authorities to achieve the percentage targets for recycling, particularly in the short term as they are all starting from different baselines. There are already non-statutory targets for recycling, and the top performing local authority, Torfaen, has achieved a recycling rate of 49 per cent, whereas the authority at the bottom of the league, Blaenau Gwent, has achieved 25 per cent, so you can see some difference there.

[143] There was a similar situation when the landfill allowance scheme was introduced in 2004, and there were some transition years before all local authorities were asked to achieve the same diversion targets in terms of a flat percentage of the waste that they collected that should be diverted from landfill. So, we would suggest that consideration should be given to a similar transition for the recycling targets, and that local authorities in the first instance should be supported to meet their targets to ensure compliance, and that financial penalties should only be used for any wilful or persistent non-compliance. So, it is about supporting them to get there and trying to get up to that level playing field.

[144] **Bethan Jenkins:** So, there would still be the same targets for every local authority, but with interim arrangements to support them.

[145] **Ms Sherwood:** There could be a transition period in the same way as there was with the landfill allowance scheme, which could be considered in a subsequent consultation on the regulations.

[146] **Bethan Jenkins:** My next question concerns the waste management infrastructure in Wales and whether you think that it is capable of dealing with the increased levels of recyclate that may arise from any statutory obligations. We have heard from Cylch that it thinks that there are some sectors that can deal with the additional infrastructure, but is that your opinion too?

[147] **Ms Sherwood:** The most recent evidence that we have is from the regional waste plans that were revised in 2008. They show that, currently, there is insufficient capacity in Wales, although the situation is changing. So, recyclate is exported from Wales to other parts of the UK and abroad. The proposed Measure and the Assembly Government's forthcoming sector plan on infrastructure collection and markets, which we will have to find evidence for, should give a signal to the waste management industry and to financial institutions to stimulate the development of new infrastructure in Wales. From our point of view, one of the main issues around infrastructure provision is public acceptance of new facilities. We need to educate the public about the roles that we and other organisations play, and make sure that facilities are properly run and that the impacts on the environment and health are minimised.

[148] **Bethan Jenkins:** Keep Wales Tidy was asking for a campaign with regard to the plastic bag levy. Would a campaign for this particular element also be necessary, so that the public will understand the full context, as opposed to just understanding the everyday use made of plastic bags? Should they be given the story behind it, so to speak?

[149] **Ms de Longhi:** That is firmly within the remit of Waste Awareness Wales and its public education campaigns around the acceptability of infrastructure. It fits into that scheme of work and we work with Waste Awareness Wales to get those messages out to the public.

[150] **Bethan Jenkins:** My final question is to ask whether you think that there is sufficient demand within the recyclate market in Wales to make use of the increased levels of recyclate that may arise as a result of the statutory powers contained in the proposed Measure.

[151] **Ms Sherwood:** This is one of the areas where there is not a great deal of evidence to be able to give a full answer to the question. However, we are working with WRAP and with Governments to provide a clearer picture. Again, the Welsh Assembly Government's collection infrastructure and market sector plan will focus on the Welsh markets for recyclate, compost and the digestate from anaerobic digestors. The key issue around recyclate is ensuring that it is of a sufficiently high quality to maximise the recovery capability, and in a sense it is that quality that drives the infrastructure and collection systems that need to be put in place to meet those sorts of market demands. The other thing that we have been involved with is work on quality protocols that aim to remove waste from the waste system, and once it reaches a certain standard it is then a product that can be used. The evidence that we have about markets is that, by following the quality protocols, the producers can create resources that users can have confidence in, and it would create around £1 million in business savings and increased sales of waste-derived products by the year 2020. That will also strengthen the markets, and stimulate new ones.

[152] **Jenny Randerson:** We now move on to questions from Brian.

[153] **Brian Gibbons:** I have some questions about your own role in this. You mentioned in your submission some of the changes that you will have to make in relation to WasteDataFlow, and tracking, and so on. Are there other burdens or additional tasks that you anticipate having to take on board as a consequence of statutory recycling, the ban, and so on?

[154] **Ms Sherwood:** You have already mentioned the work that we do on the WDF. Until the detailed regulations come in, it is difficult to size the burden, and we would wish to work with Government to understand that more fully.

[155] One of the things that has been discussed—and I think that the Minister gave evidence on this as well—is that the Government is looking for enhanced monitoring of the fate of materials sent for recycling, and in particular the waste that passes through materials recycling facilities. There are some real practical difficulties in tracking recyclate collected from the doorstep to the end destination, mainly because the recyclate is often bulked together so that the stuff that you put outside your front door gets mixed with the stuff that someone else puts outside their front door 20 miles away. It is then passed to a processor, and maybe a second and third processor, and at each point a small amount may no longer be suitable for recycling, and will get pushed back into landfill. Obviously, that is undesirable, and we would hope that as much as possible gets recycled. However, the stuff that gets pushed back to landfill is practically impossible to trace and you cannot say whose doorstep it originated on. This financial year, we are working with the Assembly Government and Cardiff Council to undertake a study to try to track that recyclate, really to understand what the burden would be, and what solutions could be put in place to overcome some of those barriers and the costs involved.

[156] **Brian Gibbons:** Would it be fair to say that, other than the headline stuff, we are at a fairly early stage in terms of detailed tracking and that a lot of work needs to be done to improve its quality?

[157] **Ms Sherwood:** Over the years of our validation of the landfill allowance scheme, and working with local authorities and the WLGA, we have continually improved the tracking of waste, but we are focusing this year on the final destination of waste, and what gets rejected down the line and ends up in landfill rather than as recyclate.

[158] **Brian Gibbons:** What would be a reasonable timescale within which we could have confidence in the tracking exercise, and how much of the waste could be effectively tracked? What would success look like and in what timescale?

10.40 a.m.

[159] **Ms Sherwood:** We are working on this now and we hope to know, certainly this financial year, how much is possible and the size of the issue, because we do not have a good feel yet for whether it is a very small proportion of the waste. Municipal waste is a small proportion of the overall waste in Wales, so if it is a hugely burdensome and expensive tracking system, then I guess that we will talk to Government about whether it is worth the effort and cost for a small amount. However, we hope to have a better view on that in this financial year.

[160] **Brian Gibbons:** What about the financial consequences of this for you? I am not asking you for a blank cheque or anything. [*Laughter.*]

[161] **Ms Sherwood:** More effort will undoubtedly be required to do this work. We try to work in the most effective way possible, so we could double-up some of our existing site visits and look at recyclate at the same time. So, we will try to do it as efficiently and effectively as possible. However, inevitably, if the burden is more than the resource that we

have, we will have to reprioritise and ask ourselves whether it is the highest priority work.

[162] **Jenny Randerson:** We will now move on to sections 9 to 11 on landfill. Christine has the next set of questions.

[163] **Christine Chapman:** As Jenny said, I have some specific questions on landfill. Do you believe that introducing the landfill bans alone will achieve the Government's aim?

[164] **Ms de Longhi:** No, we do not believe that it will achieve all the aims on its own. The amount of waste that goes to landfill is influenced by many things, including the gate price of waste going to landfill, the escalating landfill tax, the regulatory drivers that include an allowance scheme for municipal waste, and strategic drivers to move waste away from landfill. The amount of waste going to landfill in Wales has been decreasing year on year; we are already seeing that decrease.

[165] The introduction of a landfill ban provides a regulatory backstop to ensure a further reduction and we generally support the introduction of restrictions as an additional measure to reduce greenhouse gases. However, landfill restrictions are an end-of pipe regulatory measure and we would like to see their introduction coupled with upstream interventions to ensure that we drive the behavioural changes needed among waste producers to minimise waste, and to ensure that the waste is managed higher up the waste hierarchy with lower environmental impacts.

[166] **Christine Chapman:** My next question was touched on earlier by Joanne. Outside the municipal waste sector, do you believe that there is sufficient infrastructure in Wales to treat waste that is not sent to landfill? I know that Joanne mentioned construction waste, for example. If there is not, what additional financial implications will this have?

[167] **Ms de Longhi:** There have been significant infrastructure improvements in recent years, particularly in relation to construction and demolition waste, as we discussed earlier. However, there is still a need for additional recycling and alternative facilities for residual waste and waste diverted from landfill. There are also issues around food waste diversion—Mal spoke about the anaerobic digestion, for example. Businesses, particularly small and medium-sized enterprises, often cite the insufficient availability of recycling facilities as a reason for not recycling their waste. For example, many local authorities do not allow trade waste to be taken into civic amenity sites, which makes it difficult for small businesses to deal with recycling.

[168] With regard to cost, we envisage that, in the short term particularly, there will be increased costs for waste producers to dispose of their waste, as the cost of recycling is likely to be higher than that for alternative disposal. The effect of the landfill tax escalator and rising landfill prices will make alternative waste treatment more viable and a more competitive option for businesses.

[169] **Christine Chapman:** When combined with the proposals to introduce statutory recycling waste targets for local authorities, what impact will landfill bans have on landfill operators in Wales?

[170] **Ms de Longhi:** This is another issue that will depend on the detail of the regulation and on what the bans will entail. It is likely that landfill operators will have an obligation to ensure that banned waste does not enter their site. That is the current process for existing bans under the landfill directive—for liquid waste, for example. That will require them to look at their waste acceptance procedures and work closely with their customers to ensure that banned waste is excluded. They will also need to consider their procedures for dealing with any unacceptable waste that appears at their site, either by turning customers away or possibly

by using quarantine areas. Any reduction in waste inputs to landfill could have a number of impacts at the site, including prolonging the length of the life of that landfill and changing the composition of the waste that goes there, which can significantly alter the quantity and quality of landfill gas, for example. Therefore, that may need operators to consider how they run their sites to ensure environmental protection and with regard to the potential to generate electricity from landfill gas. We see these mostly as localised site-by-site issues, and although significant, they should not detract from the overall environmental objective of reducing waste to landfill and the environmental benefits that that brings.

[171] **Christine Chapman:** You raised some concerns in your evidence about having a Wales-only ban. Could you elaborate on this regarding the cross-border issues?

[172] **Ms de Longhi:** There is currently a joint consultation taking place with DEFRA and the Welsh Assembly Government seeking views on a joint England and Wales approach. It is our understanding that the proposed Measure for Wales is likely to come into force only if there are delays or significant differences in policy between the two Governments. That might include something like the timing of the bans, for example. If the ban is introduced in Wales only it could have a number of unintended outcomes, which could include increased export of waste to landfill in England and environmental risks associated with waste producers stockpiling waste at their sites inappropriately. We would expect the Welsh Assembly Government to consider the scope of, and alternatives to, a Wales-only landfill ban carefully as part of the process for subsequent consultation, and we want to work closely with it at this early stage to make sure that these unintended consequences are taken account of. From our experience of the bans that have already been introduced, there is no clear evidence that a ban would lead to increased fly-tipping or illegal management of bad wastes, but for future bans, this could depend on the type of materials banned, the extent to which they are currently landfilled and the alternatives that are available in terms of the infrastructure for handling these wastes.

[173] **Christine Chapman:** Do you think that the implementation of the provisions relating to landfill bans should be delayed until there is an adequate alternative capacity?

[174] **Ms de Longhi:** It is certainly important to ensure that there is an adequate lead-in time to any regulations and bans coming in so that local authorities, the waste management sector, and waste producers can make adjustments to their practices and so that alternative infrastructures can develop; but we see that there is a balance between allowing time for things to develop and providing certainty about the changes that are coming to stimulate the development of new infrastructure more quickly. Again, we would expect that as part of the detailed subsequent regulation consultation, but the bans may be phased in differently for different materials, depending on the current state of infrastructure provision and waste collection for those materials. That should come out through the forthcoming sector plan. Just as an example, there is currently good provision for metal recycling through a network of scrap yards, for example, municipal waste kerbside collection, and bring sites such as can banks. A ban for metal waste might therefore be easier to introduce earlier than one for something like plastics, for example, for which the infrastructure and collection mechanisms are currently far less developed.

[175] **Jenny Randerson:** We will now go back to Brian.

[176] **Brian Gibbons:** You clearly understand that you may be one of the agencies that are most likely to have to police the landfill ban. What is your reaction to that, in principle, and will it present any resource or capacity challenges for the organisation to undertake that duty if you were asked to do so?

[177] **Ms de Longhi:** We are currently the regulatory authority for the management of

landfills in ensuring that they comply with bans that have already been introduced through landfill directives, so we are probably best placed to take on that role. Practical enforcement of any landfill ban is obviously the key to provide the confidence to those looking at alternative infrastructure that the banned waste will actually be kicked out of landfill and diverted to an alternative destination. We would expect the enforcement of any bans to be considered in the detailed regulations that would follow, and we would expect to work with WAG officials in scoping this out. We see them as likely to be a mixture of hard measures, such as introducing new offences, visual inspection or appropriate testing of waste, but there will also be a need for softer measures, such as guidance and advice to businesses and other waste producers. Also, particularly in the early stages of implementation, there may be a need for regulatory positions for particular waste streams to allow processes to develop.

10.50 a.m.

[178] With regard to resources, it is quite difficult at this stage to gauge what we might be asked to do, because we have not seen the detail from the next stage of consultation. Obviously, we always try to deploy our resources as efficiently as we can to maximise environmental outcomes. We use a mixture of compliance tools for regulating landfill, such as guidance, inspection and audit, and we will review our compliance approach once we have taken on any new duties. At this stage, we cannot rule out needing additional resources if significant new enforcement burdens are placed upon us.

[179] **Christine Chapman:** I have a few questions on the civil sanctions. First of all, do you consider the provisions in the proposed Measure to use civil sanctions in the case of non-compliance with landfill bans to be appropriate?

[180] **Ms de Longhi:** Environmental regulation gives enforcement powers to regulators so that we can ensure that laws are complied with and that the environment is protected. Making civil sanctions available to us gives us a wider range of options to better protect the environment and to support a more responsive approach to working with businesses, as opposed to their automatically assuming that we would go for a criminal court action. So, in the case of landfill bans, we do think it appropriate to have the option of civil sanctions. This does not, however, remove our ability to take traditional enforcement action against persistent or wilful offenders, should it be needed, such as issuing a suspension notice or bringing a prosecution, either within existing legislation, such as the environmental permitting regulations, or under any new regulations for any offences that might be introduced under a landfill ban.

[181] **Christine Chapman:** Would you like to see provisions in the proposed Measure in relation to the timing of the introduction of civil sanctions?

[182] **Ms de Longhi:** Currently, civil sanctions do not apply to any other activities that require environmental permits, so if an operator holds a permit for a waste management facility and breaches its conditions, we cannot look at civil sanctions. We understand that new legislation may well come in to provide powers to impose civil sanctions for permit breaches in England and Wales from 2011, and we would suggest that, if WAG is looking to introduce civil sanctions relating to landfill bans, it should consider the timing of that relative to the general introduction of civil sanctions for permit breaches. We would be keen to avoid any differing approaches in England and Wales for the sake of businesses if possible.

[183] **Christine Chapman:** Moving on to the site waste management plans, you say in your evidence that you support the general principle of site waste management plans, and that some larger companies in Wales are already using them. Could you tell us more about the experience of larger companies in Wales referred to in your evidence?

[184] **Ms de Longhi:** As you will be aware, regulations for site waste management plans for construction projects costing more than £300,000 have been in place in England since 2008. Although they are not a statutory requirement in Wales, we are aware that many companies, particularly the larger ones that operate in England and Wales, are using the site waste management plan approach to manage their construction waste, because they see it as good industry practice, and, in particular, they adopt it as part of their environmental management system.

[185] The site waste management plan sets out how the resources will be managed and controlled during the project. We have had feedback, through surveys carried out by NetRegs and the Federation of Master Builders, saying that using site waste management plans and appropriate consideration of how waste is handled can help to improve legal compliance as well as protect the environment, and, in some cases, it can save money.

[186] **Christine Chapman:** Further to that—and you touched on this earlier—we know that the Federation of Master Builders, which you mentioned in your evidence, has stated that it does not think that the site waste management plans in England have helped small and medium-sized enterprises to reduce waste, to achieve the business benefits promised, or to tackle issues of non-compliance and fly-tipping. Could you say a bit more about that?

[187] **Ms de Longhi:** Interestingly, a survey was done by NetRegs, working with the Federation of Master Builders, in December. That produced some interesting statistics, which showed that 56 per cent of those surveyed, who were mainly principal contractors and therefore not necessarily SMEs, had a positive view of using site waste management plans. Twenty per cent of those who responded said that it saved them money, and 13 per cent of them said that it improved their environmental credentials and that that had helped them to gain business. Although these are quite small percentages, they are significant given that these are relatively new regulations and it requires a lead-in time for benefits to materialise from the introduction of any new regulations. Conversely, there was some negative feedback about it being time-consuming, expensive to fill in, and no more than a paper exercise. It is partly this kind of feedback that has led to the possibility of there being different regulations in Wales, to enable them to be more effective in improving and delivering those environmental benefits. We do not know exactly what will be in a Welsh version, because that will come in subsequent legislation.

[188] The other point is that in England, the process is a self-regulatory one, and the client and principal contractor have to ensure that their contractors abide by the contents of the plan. This light-touch approach, anecdotally, appears to have caused confusion for companies and has undermined the effectiveness of site waste management plans. So, as with any new regulations, we would expect the regulations in England to be reviewed to see whether they are effective or not and whether any changes need to be made in England, too.

[189] Statistically, on fly-tipping, construction waste is involved in a significantly high proportion of this activity, but it tends in the main to be the small-scale home improvement building waste rather than the large construction projects that site waste management plans in England seek to address. As yet, we do not know the details of the scope of plans for Wales, so it is not clear how these points will be addressed in site waste management proposals for Wales.

[190] **Jenny Randerson:** Finally, we will go to Jonathan.

[191] **Jonathan Morgan:** I wish to make a point of clarification. In your written evidence, you recommend a single enforcement authority in Wales and propose that local authorities are best placed to undertake that role. I take it by that that you mean 22 single enforcement authorities.

[192] **Ms de Longhi:** Yes.

[193] **Jonathan Morgan:** Not one local authority acting as a single enforcement authority for the whole of Wales?

[194] **Ms de Longhi:** No.

[195] **Jonathan Morgan:** So, there will be 22 single enforcement authorities. Why do you think that local authorities are best placed to undertake the role?

[196] **Ms de Longhi:** We have recommended the local authority as the body to do this as opposed to what happens in England, where they have gone for the two-authority approach of the agency and the local authority. Given that that seems to have caused confusion, we think that the local authorities are best placed to take on this role given that they currently have the most direct involvement with the construction sector as part of their planning duties and through the regulation of the enforcement of building regulations. They are already in regular contact with the client, the principal contractors and the sub-contractors at the various stages of design and project delivery, and at the end of the project.

[197] Clearly, Environment Agency Wales would be happy to work with local authorities on this, if they are the regulator, to provide advice and guidance, particularly should any environmental incident occur on a site. We also have powers under other legislation to take action, should there be environmental concern about the site. For example, we would have responsibility for substantial fly-tipping incidents—the so-called big, bad and nasty fly-tipping incidents—under the current protocol. Through the Fly-tipping Action Wales partnership, we work with local authorities and others on a host of approaches to reduce fly-tipping across Wales through a combination of enforcement, business engagement, education, community action and publicity measures. So, we would expect that work to continue through that forum, even if the local authorities were the regulators of the site waste management plan.

[198] **Jonathan Morgan:** Sticking with site waste management plans, to what extent is it necessary to introduce a fee and charging scheme to support the enforcement?

[199] **Ms de Longhi:** We think that it is necessary. The fees and charges scheme will ensure that a funding stream is in place to help the regulator, whoever that will be, to monitor, inspect and enforce site waste management plans and to check that the requirements of the regulations are being met. No charging scheme is associated with the current scheme in England, so the scheme is essentially self-regulatory, and I have alluded to the confusion that that has caused and the fact that it has not necessarily delivered all of the environmental benefits that were hoped for.

[200] The lack of regulatory intervention could be one of the reasons why the regulations are not as effective as they could be in delivering the environmental aims, as was indicated by the Federation of Master Builders.

[201] **Jonathan Morgan:** On the suggested level of fees and charges, do you think they are accurate and sufficient to fund this significant set of costs?

11.00 a.m.

[202] **Ms de Longhi:** At this stage, we think that there is insufficient detail on the level of fees and charges and on the scope of site waste management plans in general within the regulatory impact assessment that was produced as part of the explanatory memorandum. It

considers both a simple and a comprehensive scheme; both of those options are still being worked up and more detailed information will be available in the next stage of consultation.

[203] It results in a wide range of set-up and steady-state costs, depending on the option that is ultimately proposed in the next step of the consultation. So, we do not feel that we can comment in detail on the costs at this stage, but we are happy to work with Welsh Assembly Government officials to provide any assistance in developing more detailed costs for the next stage of consultation.

[204] **Jenny Randerson:** Are there any other points that you would like to make, as we have now reached the end of our questions?

[205] **Ms Sherwood:** We would just like to thank you for giving us the opportunity to give evidence today. A lot of the detail will come through the subsequent regulations and the consultations. We would like to emphasise that we want to work closely with the Welsh Assembly Government in the early stages of the development of the regulations as well as responding to the consultation. So, thank you very much.

[206] **Jenny Randerson:** Thank you very much indeed. I thank you for your contribution. You will be sent a draft transcript of the proceedings in the next few days for you to correct, if necessary, before it is finalised. Thank you very much for coming in today.

[207] I suggest that we now break for five minutes.

*Gohiriwyd y cyfarfod rhwng 11.01 a.m. ac 11.08 a.m.
The meeting adjourned between 11.01 a.m. and 11.08 a.m.*

[208] **Jenny Randerson:** Welcome back, everyone. I thank Iain Ferguson for coming in for the second part of our evidence session this morning. Iain is the environment manager in the food policy team at the Co-operative Group, known to us all as the Co-op. You are very welcome. We will go straight into questions and I will start with a general question, and ask you to outline briefly your position on the general principles of the proposed Measure or its relevant sections for the record.

[209] **Mr Ferguson:** Our position is that the proposed Measure is unnecessary and overly bureaucratic. We would prefer to see a voluntary approach to the distribution of any net proceeds of carrier bags. We also do not support the introduction of the levy; we do not think that it is the most appropriate means by which to reduce the use of single-use carrier bags. A voluntary measure would be much better. In addition, we have seen reductions of 60 per cent in the use of single-use carrier bags since 2006. That has mostly been due to the efforts of our store staff and customers.

[210] **Jenny Randerson:** Your comments relate to the carrier bags section, rather than the landfill section.

[211] **Mr Ferguson:** My comments on the landfill section will be to offer assistance more than anything else.

11.10 a.m.

[212] **Jenny Randerson:** We will move on to sections 1 and 2 on single-use carrier bags in detail. I will ask Bethan to start the questions.

[213] **Bethan Jenkins:** Thank you for your evidence. Do you have any concerns that the proposed Measure has been published prior to the publication of the regulations that will

come forward on single-use carrier bags under the Climate Change Act 2008?

[214] **Mr Ferguson:** We are not overly concerned by this. The destination of proceeds measure will have no impact until the levy has been introduced, so we do not have big concerns over that.

[215] **Bethan Jenkins:** To what extent are you concerned about the policy divergence between Wales and England on this particular issue?

[216] **Mr Ferguson:** Do you mean the cross-border issues?

[217] **Bethan Jenkins:** Yes, the cross-border issues related to the fact that this levy will be put forward in Wales.

[218] **Mr Ferguson:** The proposed Measure restricts the destination of proceeds to initiatives based wholly in Wales, and we think that there are many trans-boundary campaigns that can have an effect on the environment of Wales without money having been wholly spent within the principality. An example would be our current work on tar sands in Canada; it relates to greenhouse gas emissions, so would have an effect on Wales.

[219] **Bethan Jenkins:** So, you do not believe that there should be a specified obligation for it to take place in Wales, and that there should be a wide-scale obligation.

[220] **Mr Ferguson:** Yes.

[221] **Jenny Randerson:** Can you clarify whether you are content that the proposed Measure will be in place as a fallback position in the event that a voluntary scheme will not work? The big retailers have co-operated well on a voluntary scheme, but there are a very large number of other retailers in Wales.

[222] **Mr Ferguson:** I put some information together beforehand for this. We do not think that there should be a particular fallback, because of the potentially disproportionate nature of this. Please bear with me while I look for the information.

[223] If most retailers engage—and the vast majority of large retailers are extremely likely to engage—that will take care of almost all of the carrier bags produced and distributed in Wales. If you introduce the proposed Measure, we will have what will be a disproportionate measure for a large proportion of retailers. If you apply what is called Pareto's principle, you will get 80 per cent of the benefit for 20 per cent of the effect, whereas if you introduce the proposed Measure you will be bringing in a big stick to threaten everyone who is trying to comply.

[224] **Bethan Jenkins:** My final question is on the powers contained in the proposed Measure for Welsh Ministers to direct the proceeds of a charge on single-use carrier bags to specific purposes under section 1(2). Should the proceeds be directed towards environmental organisations, or, as other retailers have said to us, should retailers be allowed to continue with the current arrangements that they have with a broad base of charities?

[225] **Mr Ferguson:** We think that the specified purposes are too specific, because they focus on waste reduction and pollution. We would prefer a more expansive set of specified purposes covering environmental projects, but we are not clear what projects might be within scope at the moment. We have a number of valuable environmental projects that are currently supported by the Co-operative in Wales that would be worthy recipients of any proceeds raised. These include a green energy project for schools, which provides schools with renewable energy equipment such as wind turbines and solar panels. We believe that these

types of projects could benefit under the existing definition of specified purposes, but we would welcome clarification and guidance. If the proposed Measure proceeds, we believe that the specified purposes should be expanded to include initiatives that can help to reduce greenhouse gas emissions.

[226] **Jenny Randerson:** That moves us on to Christine.

[227] **Christine Chapman:** In your evidence, you state that it may be best practice for retailers to make available to customers information about how funds have been distributed, and paragraph 3.8 of the explanatory memorandum states that retailers will only be required to distribute the net proceeds of the charge,

[228] ‘having accounted for their own administrative costs and the costs of the single-use carrier bags’.

[229] Should the proposed Measure further define the term ‘net proceeds’ and provide clarity on the operational cost of the compulsory charge, which can be retained by retailers?

[230] **Mr Ferguson:** Basically, we would welcome clarification on the net proceeds and allowable charges.

[231] **Christine Chapman:** My second question is whether you believe, under the mandatory scheme, that money spent by retailers to make information available to customers about the projects that they have supported should be considered an operational cost that should be retained by the retailers.

[232] **Mr Ferguson:** We think that all reasonable costs incurred should be allowed as an expense against the charge.

[233] **Christine Chapman:** If retailers are to be responsible for the distribution of funds, should there be an independent regulatory body to monitor and enforce this process, and if so, which body should that be? Should a reporting requirement also be provided for?

[234] **Mr Ferguson:** We are encouraged that the proposed Measure does not provide for the establishment of a third party, as was originally proposed. In our opinion, that would have been an unnecessarily bureaucratic move, interfering with the relationship between the communities where funds are raised and spent. This is really important for us, because we are a community retailer. We do not think that there should be an independent body.

[235] **Christine Chapman:** Could I pursue that with you? If it is left to the community, which a lot of people would agree with, what about inconsistencies or best practice not being followed across all communities—do you have any thoughts on that? How do you try to improve those communities that may not be doing as well as others?

[236] **Mr Ferguson:** I do not really understand what you mean.

[237] **Christine Chapman:** I just wondered, as you are not keen on the independent regulatory body because you have a relationship—

[238] **Mr Ferguson:** We have a relationship with our customers via membership, and we would consult our membership as to where they would like the funds to go. I would imagine—we have not gone into this in any great detail—that we would consult our Welsh members separately on the Welsh carrier bag levy.

[239] **Christine Chapman:** Could I ask for your views on Cylch’s proposal for funds

raised by the levy to be distributed via a central fund administered by a charity bank in Wales?

[240] **Mr Ferguson:** We would much prefer to distribute the funds ourselves, according to the wishes of our customers, via the membership. If that included funds administered by the charity bank, that would be fine, but it is much better for us to consult with our members, we believe.

[241] **Christine Chapman:** Finally, moving on to section 3 on waste targets, your evidence says that you are concerned that setting recycling rates for local authorities without support for improved infrastructure can only lead to more claims that retailers do not make their packaging recyclable. You say that the reality is that much of the packaging used is recyclable but not collected for recycling. I wonder whether you could elaborate on that comment.

[242] **Mr Ferguson:** The Local Government Association in England has published a number of reports on packaging, in which it defines recyclability on the basis of what local authorities collect recycling. That would generally be board, paper, glass and plastic bottles. They then use that information to rank retailers on the percentage of product that is in recyclable packaging, based on their definitions. Infrastructure projects have been built, and are being built, that will lead to a wide range of packaging formats being capable of being recycled—for example, plastic trays. Plastic trays, generally, are made from the same materials as plastic bottles, with one classed as recyclable and the other not. If the facilities are not in place to recycle the plastic trays, even though they are recyclable, before the target is introduced, we foresee that we will be classed as having non-recyclable packaging, as is presently the case. Facilities are being built that can handle mixed-plastic trays.

11.20 a.m.

[243] **Jenny Randerson:** I want to take you back a little. You are keen on the idea of a lack of interference, customer influence on where the funding goes and minimum bureaucracy. How will you ensure transparency and fairness on how that money is distributed from the single-use carrier bag?

[244] **Mr Ferguson:** We would always consult with our members on where funds should go. We would be happy to publish the information online, in members' magazines and in-store, as proposed in the proposed Measure.

[245] **Jenny Randerson:** I acknowledge that all major retailers have a transparent approach, but there are also thousands of small retailers. How could you, in practice, have that transparency without some kind of formal mechanism?

[246] **Mr Ferguson:** The proposal to have an in-store notice stating how many bags have been distributed, how much money has been raised and where the money has gone is perfectly adequate.

[247] **Jenny Randerson:** The proposed Measure talks about bringing in a compulsory scheme if the voluntary scheme has not worked. What would be an appropriate trigger mechanism for that?

[248] **Mr Ferguson:** We do not believe that a mandatory scheme should be brought in, because we think that the majority of retailers will comply. That would target the largest part of the market, but there will be a tail of small retailers that you may struggle to make comply. Introducing a mandatory scheme to deal with that small tail will target every retailer with compliance, excessive costs and bureaucracy; that is our concern.

[249] **Jenny Randerson:** Speaking from your experience as a retailer, is there a problem with the definition of what is a single-use carrier bag?

[250] **Mr Ferguson:** It has been fun working with the civil servants to try to define what it is and what it is not. We are getting there now. The main thing is to define what is not a single-use carrier bag; for instance, we have been working with them to define a 'bag for life', which is designed to be reusable and recyclable, so we take it back at the end of its life and recycle it to make something else. That is the way forward.

[251] **Jenny Randerson:** I apologise for interrupting the flow of questions. We now turn to Brian Gibbons.

[252] **Brian Gibbons:** The purpose of the exercise is to improve retailers' performance on recycling, reusing and so on, and you mentioned the UK figure of 60 per cent bag reduction. How well is the Co-operative doing in managing its waste and promoting its recycling? Quoting a UK figure is fine, but quoting a Welsh figure would be better.

[253] **Mr Ferguson:** What do you mean?

[254] **Brian Gibbons:** Tesco told us that its recycling rate was at 100 per cent, meaning that it recycles everything and that it has effectively no waste.

[255] **Mr Ferguson:** I would have to come back to you with figures on that; it is not my area of expertise.

[256] **Brian Gibbons:** Okay. The corollary from that is what you mentioned about plastic trays in relation to recycling. If there was a stricter regime and the Co-operative did not have a high recycling rate, do you see this creating logistical problems for your stores? In other words, is each individual store responsible for its own waste?

[257] **Mr Ferguson:** We have a national waste system.

[258] **Brian Gibbons:** When you say 'national', do you mean UK-wide?

[259] **Mr Ferguson:** Yes. I apologise. We recycle polythene film and cardboard from back of store, and we are looking to extend that further. Paper and other materials will be a problem, but we expect to have a solution in place within 18 months.

[260] **Brian Gibbons:** Would the Co-op do that across the UK?

[261] **Mr Ferguson:** Yes; that would be done UK-wide.

[262] **Brian Gibbons:** To follow on from a point that Bethan and Chris made, if a different regime is operating in Wales and the Co-op develops a UK-wide approach, do you see problems for the Co-op in Wales having to adjust to that? How would the UK-wide set-up work in the national set-up in Wales?

[263] **Mr Ferguson:** My experience is that Wales is aiming at best practice, and we would aim at best practice. I cannot see why we should not align with that.

[264] **Brian Gibbons:** Even if that meant that there might be a two-stream approach?

[265] **Mr Ferguson:** We would want to apply a one-stream approach if we could. I would imagine that, if best practice is what is happening in Wales, that is what we would try to apply UK-wide. We would comply with the regulations.

[266] **Brian Gibbons:** Yes. That is great. Thank you.

[267] **Jenny Randerson:** With the additional amount of recyclate that will be available and created by this proposed Measure, is our current waste management infrastructure appropriate and does it have sufficient capacity to deal with—

[268] **Mr Ferguson:** Are we talking about landfill?

[269] **Jenny Randerson:** Yes.

[270] **Mr Ferguson:** No, I do not think that it does. I wrote some notes on this too. The one that I am concerned about is mixed-plastic recycling, which is for plastic trays and other similar hard plastics. All of the mixed-plastic facilities that I am aware of are in England—there is one in Mansfield and another one in Manchester; one is being built in Redcar and another in Birmingham. I am not aware of any being built in Wales. Even if they were to be built in Wales, they tend to be built near large centres of population. So, you would get them along the M4 corridor and you might get them along the A55, but you have a vast area in the middle where it would probably be more economic to send material to England, to Birmingham, to be dealt with.

[271] **Jenny Randerson:** What about other materials?

[272] **Mr Ferguson:** I am afraid that I do not know about other materials. The reason why I bring up mixed plastic is because that is a particular area of new development. I believe that glass, paper and similar recycling facilities are already well established. That is the one that is being newly developed, and many of our customers are asking, ‘Why can I not recycle this plastic tray?’

[273] **Jenny Randerson:** If this proposed Measure is introduced and we move towards landfill bans, do you have any views on how a landfill ban could be effectively policed?

[274] **Mr Ferguson:** We have no comment to make on that.

[275] **Jenny Randerson:** Okay. Does anyone else wish to ask any further questions? I see that there are no more questions. Are there any other points that you wish to make?

[276] **Mr Ferguson:** I do not think so. I think that we have covered everything that we wanted to say.

[277] **Jenny Randerson:** Okay. Thank you for joining us. A draft transcript will be sent to you in the next few days for you to check prior to publication.

[278] I draw Members’ attention to a paper to note, namely the minutes of the previous meeting. The next meeting will be held at 10 a.m. on Wednesday 5 May when we will be taking evidence from the Minister for Environment, Sustainability and Housing. As usual, there will be a short pre-meeting prior to 10 a.m.. Thank you.

*Daeth y cyfarfod i ben am 11.29 a.m.
The meeting ended at 11.29 a.m.*