

## **ENVIRONMENT, PLANNING AND TRANSPORT COMMITTEE**

**Date:** Wednesday 26 February 2003

**Time:** 9.15 am to 12.15 pm

**Venue:** Committee Room 3, National Assembly Building

## **WASTE AND EMISSIONS TRADING BILL**

### **Introduction**

This paper seeks to advise the Committee on the aspects of the Bill relating to Wales and on its passage through Parliament.

The main purposes of the Bill are to implement measures to allow the United Kingdom to meet the requirements of the EC Landfill Directive and to place on a statutory footing penalties for companies that miss their emissions targets in the UK Greenhouse Gas Emissions Trading Scheme. There are also clauses with specific application in Wales for the production of local authority municipal waste management strategies (MWMS) and the collection of municipal waste data.

The third reading of the Bill in the House of Lords is expected on 6 March before it goes to the House of Commons.

### **Waste sent to landfills**

The Landfill Directive limits the amount of biodegradable municipal waste (BMW) that may be sent to landfill at future dates compared with a baseline year of 1995 (75% by 2010, 50% by 2013 and 35% by 2020). The Bill provides for the allocation of the United Kingdom total of BMW between the constituent administrations and allows the Secretary of State for DEFRA to set target years for the United Kingdom and the constituent administrations to coincide with the Directive target years. In practice an initial allocation of BMW for the baseline year of 1995, based on population, has been provisionally agreed between the administrations.

*Wise about Waste: the National Waste Strategy for Wales*, published in June last year, is designed to ensure that Wales meets its obligations arising from this allocation and the Directive. Under the Concordat with the Westminster Government, should Wales fail to meet its obligations and the United Kingdom thereby incur fines as a result of infraction proceedings, the National Assembly would be liable to meet those fines.

The Bill gives powers to the National Assembly to allocate the all-Wales total of BMW to local authorities in Wales (as "allowances" for permitted amounts of BMW being sent to landfill), to set targets for years other than the Directive target years, and to set penalties for failing to meet those targets. The Assembly Government is discussing the method of allocation of BMW with the Welsh Local Government Association (WLGA) and will consult on options, the setting of targets and any penalty regime.

### **Trading of landfill allowances**

The Bill also introduces arrangements to allow local authorities with an excess of allowances to sell these to other local authorities. Waste itself would not be traded: buying allowances would permit a local authority to landfill additional BMW. The Assembly Government, in line with preferences previously expressed in EPT Committee and by local authorities in Wales, has decided not to implement trading arrangements in Wales. This will ensure that local authorities in Wales concentrate on the targets in *Wise about Waste* to reduce BMW being sent to landfill, rather than buying allowances to postpone the need for action. The Westminster Government has decided to implement the trading arrangements. The Scottish Executive and Northern Ireland Assembly have yet to decide whether to do so

### **Biodegradable waste management strategies**

In line with the provisions of the Landfill Directive the Bill requires each of the United Kingdom's constituent administrations to have a strategy for the reduction of all biodegradable waste (not just BMW) being sent to landfill. The Bill recognises that Annex 11 of *Wise about Waste* meets this requirement.

### **Clauses specific to Wales**

Following consultation on the draft waste strategy in 2001 Chapter Two of the Bill contains two clauses specific to Wales giving the National Assembly powers to require local authorities to produce MWMS and to provide municipal waste data. The Assembly Government has already issued, jointly with the WLGA, and following public consultation, guidance on the production of MWMS to local authorities requesting that these be completed by November 2003. The Bill provides a reserve power to ensure that the strategies are produced and cover the necessary matters. The clause requiring local authorities to provide a range of municipal waste management data will ensure that the Assembly Government is able to monitor progress towards Landfill Directive targets and targets in *Wise about Waste*. It will also contribute towards the rationalisation of municipal waste data collection promised in the consultation on the Wales waste strategy.

### **Emissions Trading**

An emissions trading system is a policy tool that is designed to allow reductions in a pollutant to be made in the most economically efficient way. In an emissions trading scheme, the participating organisations are subject to an overall emission reduction target. Participants can either:

- Meet their target by reducing their own emissions,
- Reduce their emissions below their target and sell or bank the excess emissions allowances,
- Let their emissions remain above their target, and buy emissions allowances from other participants.

The UK Emissions Trading Scheme (UK ETS) is the world's first economy-wide emissions trading scheme. **It is a voluntary scheme, and no organisation need participate if it does not wish to.** It was launched in April 2002. The Scheme aims both to deliver cost-effective emission reductions towards meeting the UK's international obligations and domestic targets, and to provide a 'learning-by-doing' experience of trading greenhouse gas emissions.

The Bill places on a statutory footing penalties for companies that miss their emissions targets in the UK Greenhouse Gas Emissions Trading Scheme and amends the Pollution Prevention and Control (PPC) Act to provide for the application of penalties within future emissions trading schemes.

**Sue Essex AM**

**Minister for Environment**