

Finance Committee

FIN(3)-01-10 : Paper 11 : 20 January 2010

Proposed Shipment of Waste for Recovery (Community Involvement in Arrangements) (Wales) Measure

Dear Angela

I am writing to thank you for the Finance Committee's report on the financial implications of my Proposed Measure.

I have set out below some further information on the potential costs. In summary, the **direct costs** of my proposed Measure are **negligible** as the proposed Measure imposes no duties other than to require local authorities to make publicly available through a website information about the proportion of the recyclate collected from households that is processed outside the European Community (EC) and European Free Trade Area (EFTA), **and only in so far as that information exists**.

The potential **indirect costs** of the proposed Measure are as follows:

Modifying the Waste DataFlow system	One off cost of £20,000 (The Minister is willing to meet this cost)
Local authority staff time to collect and compile information from Annex VII forms	Maximum cost of £350,000 per annum (Minister's estimate) - however likely to be significantly less, especially once systems are in place
Publicity/dealing with public enquiries	Minimal costs
Private Companies	Negligible costs of tracking and collating Annex VII forms

In response to the Committee's general concern that only limited information has been provided on the costs of the proposed Measure, I can only reiterate the point that I made in my evidence to the Committee that this is because the **direct costs associated with the proposed Measure are negligible**. As I referred to in my evidence to the Committee, when first introducing the proposed Measure, the Presiding Officer wrote to me to state that in his view a Financial Resolution from the Government would not be necessary at Stage 2 - this supports my view that the direct costs of my proposed Measure are negligible. I understand that the Presiding Officer has written to you again confirming his view that as the proposed Measure only places a requirement on local authorities to compile and publish information that they hold, this would not require any significant funding and a financial resolution would therefore not be necessary.

As I explained to the Committee, the proposed Measure imposes no duties other than to require local authorities to make publicly available information about the proportion of the recyclate collected from households that is processed outside the European Community (EC) and European Free Trade Area (EFTA), **and only in so far as that information exists**. Furthermore, local authorities are only required to take 'reasonable steps' to collect the information and produce a statement explaining what steps have been taken. The only direct costs of the proposed Measure therefore are the costs incurred through the annual publication, on a website, of either information about exports where that information exists, or, where it doesn't, a statement about the steps taken to try to secure this information.

Of course over time I am anticipating that more of this information would become available as a result of the proposed Measure, partly through better recording and tracking of information about exports by those regulating the handling of waste. As the Legislation Committee that considered my Measure has identified, it is also possible that in future the proposed Measure could be amended, once the Assembly has gained further competence, through the Environment Legislative Competence Order, to enable a duty to be placed on companies handling waste to provide this information to local authorities.

I note that your report states that I have not provided an alternative to the WLGA's figure of £700,000, or given reasons why I disagree with this figure. I told the Committee:

I totally dispute that figure. It will not take a full-time post at all to do this work; it is a matter of incorporating the work into systems that already exist.

[...]

The WLGA estimate is based on the first draft of the proposed Measure. I have done preparatory consultation on it, after which I changed the proposed Measure. The first draft included a requirement for the information to be collected, but after the consultation, I changed that so that the proposed Measure will only require them to take reasonable steps to collect information and, if no information is available, to produce a statement explaining the steps taken to try to get that information. So, I have changed the proposed Measure since that consultation so that, now, it does not impose any further duties other than make publicly available information about the

proportion of recycling that is processed outside the EC and the European free trade area, and only where such information exists. The only real direct costs of the proposed Measure to local authorities would be in preparing and publishing an annual statement.

Although my proposed Measure does not require information to be collected about the export of waste, I can understand why the Committee would want **some indication of any indirect costs** that might arise as a result of the proposed Measure.

When I was preparing the proposed Measure I did carry out a survey of the local authorities in Wales in order to find out the extent to which information about the export of waste was already being collected. Of the **ten authorities** that responded to this survey, four said that their Duty of Care ended at a Materials Recovery Facility (MRF) or other licenced UK processor and had no further information about the onward destination of materials, two said that some of their waste was exported and four said that most of all of their waste was processed within the UK. Only **one local authority** was able to provide more detailed information about the onward destination of exported material. I have previously tried to obtain further information from this authority about how they collect this information and any costs involved. However the local authority concerned has been unwilling to provide any further details.

Since my appearance at the Finance Committee, the **report by Enviros Consulting Limited** on behalf of the Welsh Assembly Government on the potential impact of the proposed Measure, has become available. I wrote to you on 12 October to point out that this report has concluded that, while there will be some resource implications for local authorities in Wales in gathering the data required in the proposed Measure, utilisation of the existing regulatory regime should **decrease the cost implications "significantly"**. Consequently the report concludes that the estimate by the WLGA that the proposed Measure would **cost £700k for local authorities is "excessive"**. In addition the report concludes that it would be possible to modify the **WasteDataFlow system** to gather the information required by the proposed Measure for between **£10k- £20k**.

The Enviros report clearly sets out a way in which most of the information included in Section 55A(5) of my proposed Measure could be obtained by local authorities from information that is already collected as a requirement of the Transfrontier Shipment of Waste Regulations 2007. Regulation 45 requires the regulators of all shipments of 'Green List' wastes to complete and sign an 'Annex VII' form providing details about waste that is exported and to keep a copy of this form for three years. Whilst the information collected on these forms is not identical to that set out in Section 55A(5) of my proposed Measure, it provides similar information and **I told the Legislation Committee that I would be prepared to amend my proposed Measure to bring it into line with the 'Annex VII' form requirements**.

The Enviros report also states that there are a number of practical impediments to the collection of the information about exports using 'Annex VII' forms. However in my view some of these impediments are easily dealt with, by the issuing of guidance for example. The others could be overcome once the proposed Measure becomes law and in fact the Enviros report suggests how to deal with most of them.

As a broad indication and based on the fact that the work required is for each local authority to collect together the necessary 'Annex VII' forms, update an amended version of the WasteDataflow database and publish this information on their website, I would estimate that this would be a maximum of one or two month's work for an officer in each local authority. I accept that the amount of work will vary for each authority depending on the current arrangements for the collection and treatment of waste, but as with the WLGA's estimate, this is an average for all 22 authorities. The Minister suggested in her evidence to the Legislation Committee a cost of **£350,000 per annum** (or an average of £15,900 per authority). The Minister also made it clear that the local authorities would have to meet this cost.

I have asked Enviros Consulting Limited to provide a more definitive estimate of the cost to local authorities. This is their response:

Whilst we do not foresee that one full time officer per authority will be needed to capture and process the required information, there remain significant unknowns as to the comprehensiveness and accuracy of the data currently being captured within the system. Without further research it is not possible to give an accurate indication of likely costs and whilst we consider the WLGA estimate to be excessive, based on our knowledge to date, we cannot accurately gauge what the actual costs will be at this time.

If information is not readily available then the costs will be dependent on the extent to which local authorities pursue this information, whilst on the other hand, if the information is readily available then costs will be expected to be a fraction of the mooted £700K, as the effort to process and publish the captured information is not considered onerous. In addition, costs will be expected to reduce over time as the system becomes mature.

I referred in my evidence to the Committee to the example of the **Somerset Waste Partnership**. The partnership publishes an annual recycling end-uses register that contains information about the export of waste outside the EC/EFTA area.

As stated previously, during preparation of my proposed Measure I did contact the Somerset partnership a number of times with a view to arranging a visit to discuss the information that they publish in the register and any costs involved. However they were unable to meet with me at that time. I have now established that they are not able to provide a specific estimate of the costs associated with the collection and publication of information about the export of recyclates.

I used the example of the Somerset partnership to illustrate the fact that the collection and publication of information about the exporting of waste can be straight forward. However it has become apparent through correspondence that even if they could provide an estimate of costs associated with their activities this would not be directly comparable with my proposed Measure. This is because the information they collect and publish about waste exported overseas is not as detailed as that set out in my proposed Measure or that can be extracted from 'Annex VII' forms. Also most of the recyclable material in Somerset is already separated at source which

makes the tracking of this material easier.

Your report states that there is even less information in relation to the costs that will fall on **private companies**.

Again I would remind you that the proposed Measure at present imposes **no requirements on private companies**. Indeed this would be out of the scope of my proposed Measure. Also much of the information is already being collected by these companies as a result of the existing regulatory framework and so my proposed Measure does not add any additional costs. The Enviro report includes examples to illustrate the fact that recycling businesses in Wales are already collecting information about the export of waste through the use of 'Annex VII' forms. **The only indirect costs would be the tracking and collation of these forms and these costs would be minimal.**

Private recycling companies of course have had two opportunities to respond to my proposed Measure; through the consultation exercise that I carried out and the subsequent consultation conducted by the Legislation Committee.

The Committee refers to the issue of **raising public awareness** of waste being shipped abroad, and suggests this may increase public pressure to deal with it locally, which in turn may increase costs. I have made it clear that it is not the intention of my proposed Measure to discourage the recovery of materials overseas by legitimate processors where this provides the best environmental option.

The proposed Measure only seeks to ensure that the public have more information on the shipment of recycled waste after it is collected.

I also do not believe that my proposed Measure makes it necessary to run a **campaign to raise awareness** of the recycling market.

When local authorities publish information about any of their recycle that has been exported outside of the EC/EFTA area, they can include with this an explanation of why this was necessary and put it in the context of all their recycling and waste processing activity. There would be minimal costs involved in doing this.

General awareness of waste issues amongst members of the public is also increasing. The Welsh Government has supported for the Waste Awareness Wales campaign run by the WLGA that provides national media campaigns promoting recycling, and also support to local authorities for local campaigns. This has included a programme of national media advertising on television, radio and other national media.

I hope the Committee will accept that the above information provides sufficient detail on the financial implications of the proposed Measure.

Yours sincerely



Nerys Evans AM