

Cynulliad Cenedlaethol Cymru Pwyllgor Amgylchedd a Chynaliadwyedd	National Assembly for Wales Environment and Sustainability Committee
Egwyddorion cyffredinol Bil yr Amgylchedd (Cymru)	General principals of the Environment (Wales) Bill
Ymateb gan Ffederasiwn y Busnesau Bach	Response from Federation of Small Businesses
EB 17	EB 17



General
Principles of .
the
Environment
(Wales) Bill

FSB Wales
Response

12th June 2015





National Assembly for Wales Environment and Sustainability Committee Inquiry into General Principles of the Environment (Wales) Bill

FSB Wales

FSB Wales welcomes the opportunity to present its views to the Environment and Sustainability Committee Inquiry into the General Principles of the Environment (Wales) Bill. FSB Wales is the authoritative voice of businesses in Wales. With 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees; FSB Wales is in constant contact with business at a grassroots level. It undertakes regular online surveys of its members as well as a biennial membership survey on a wide range of issues and concerns facing small business.

Climate change is a critical issue for Wales, as indeed it is globally. Together with consumption patterns, the structure of our economy has one of the most significant impacts on climate change. FSB Wales argues that we need to shift our economic activities and growth stimulus efforts to a more distributed model, based around supporting the sustainable development of our local economies. Small businesses are typically more place-based, and present the most significant opportunity to localise economic activity, ensure community resilience and assist in tackling climate change. Any new regulations affecting business should take into account the principles of 'Better Regulation'. For further information about the approach FSB Wales recommends to regulation, please see our *Better Regulation for Wales* report.¹

Natural Resources Management

The Environment (Wales) Bill provides Welsh Government with a major opportunity to change the landscape of environmental regulation in Wales. Businesses across Wales frequently come into contact with Natural Resources Wales, it is therefore vital that in its role as a regulator it is acutely aware of the sensitivities of the business community. The Bill confers a number of additional regulatory powers on Natural Resources Wales and the Welsh Government. FSB Wales is concerned that the Bill does not provide sufficient detail on how it will impact SMEs in Wales. This is critical, as we believe a more localised economy is a greener economy, and small business are critical to this.

As we stated in our response to the Welsh Government's White Paper consultation on the Environment (Wales) Bill, the nature of the proposals suggest that the detailed policy and implementation will be devised and consulted upon via subsequent regulatory powers². FSB Wales believes this approach, while necessary in some instances, is not beneficial in the current context. There are potentially significant increases in regulatory burdens from the Environment (Wales) Bill that may not be subject to detailed scrutiny by the Assembly.

¹ FSB Wales. 2014. *Better Regulation for Wales*. Available at:
<http://www.fsb.org.uk/policy/rpu/wales/images/better%20regulation%20wales.pdf>

² FSB Wales (2014). *Environment Bill White Paper Consultation Response*:
<http://www.fsb.org.uk/policy/rpu/wales/images/final%20environment%20bill%20white%20paper.pdf>



Carrier Bags

The Environment (Wales) Bill provides an opportunity to re-evaluate the nature and bureaucracy of the Welsh Government's carrier bag charge. The Welsh Government will be aware that proposals in England relate to firms with more than 250 employees. While FSB Wales does not advocate adopting the English proposals, the Welsh Government could re-examine the regulatory burden associated with the carrier bag charge and consider extending the current opt-out for firms with fewer than 10 employees to all SMEs. This would ensure the charge continues, but relieve SMEs of the accounting burden associated with the charge.

Collection and Disposal of Waste

FSB Wales believes small firms in Wales are ready and willing to play their part in increasing recycling rates in Wales in line with the Waste Framework Directive. It is envisaged that the Welsh Government would use the powers obtained via the Environment (Wales) Bill to place a requirement for waste producers to sort an additional three types of waste as well as food waste. FSB has previously voiced concerns on the issue of the waste collection market in response to the Waste (England and Wales) Regulations 2013³. Placing a duty to sort without intervening in the collection market could result in additional costs where customers are unable to realise savings from reduced residual waste collections⁴. Evidence provided in the Eunomia Reports in 2011 and 2013 suggested that proper intervention in the market could increase densities and lead to a reduction in collection costs for waste producers of around 25 per cent⁵.

This was based on the assumption that local authorities would be able to regulate the nature of competition in local areas and specify the number of operators who can operate in order to promote transparency of cost (potentially via weight based charging mechanisms) and increase collection densities. Given the scope of materials included in the proposals, moving towards a weight based charging mechanism could be required to ensure those firms who produce very little of certain waste categories are not being charged punitively by collection arrangements. This would also allow for greater flexibility in relation to size of firm. FSB Wales is concerned that this aspect has been neglected and we are not convinced that subsequent reliance on a communications campaign alone will produce the desired results.

As such, FSB Wales believes the Welsh Government should give more detailed consideration to this aspect of reform to accompany the Environment (Wales) Bill. If this issue is not examined further

³ FSB Wales (2012). *Amending the Waste Regulations 2011 on the Separate Collection of Recycling Consultation Response*.

⁴ *Ibid.*

⁵ Eunomia (2011). *Options for the Segregation and Collection of Welsh I & C Waste: Report to the Welsh Government*: <http://wales.gov.uk/docs/desh/publications/131014options-for-segregation-of-industrial-and-construction-waste-en.pdf>

Eunomia (2013). *Additional Policy Options Analysis for Welsh Government: Costs and Benefits of Extending Waste Framework Directive requirements, Waste Treatment Restrictions, Requirement to Sort and a Ban on the Disposal of Food Waste to Sewer*: <http://wales.gov.uk/docs/desh/publications/131021additional-waste-policy-options-en.pdf>



and resolved, there is a real danger that the costs of additional sorting and collection will be shouldered only by the firms producing waste, while the financial benefits would accrue at later stages of the recycling process. FSB Wales believes that any duty must take into account the size of firm and their capacity to respond to the duty's requirements. For instance, the additional space required to store recyclable materials before collection could place significant strain on businesses operating from small premises. A result could be that firms seek larger premises that would inevitably incur increased costs in rent and non-domestic rates. FSB Wales believes it is vital that the burden of regulation is placed in a way that minimises the impact on businesses.

Links between the Environment (Wales) Bill, the Well-Being of Future Generations Act 2015 and the Planning (Wales) Bill

FSB Wales believes there are major connections to be made between the Environment and Planning Bills and the Well-Being of Future Generations Act. As stated above, these legislative changes must not make the regulatory framework more burdensome for small businesses in particular. As we have argued, supported by the right investment and regulatory context, small businesses present a major opportunity to strengthen Wales' local economies. Research we have undertaken with the Centre for Local Economic Strategies shows that small business are far more likely to contribute to local prosperity than larger businesses⁶. A regulatory framework that places undue burdens on small businesses risks undermining this contribution.

The Well-Being of Future Generations Act opens up important opportunities to place-based approaches, resilience and sustainability. This must be underpinned by stronger local economies distributed across Wales, which act as the lifeblood of sustainable places. Place planning must put local economies at the heart of community futures, and this must be supported rather than hampered by legislation like the Environment and Planning Bills.

⁶ FSB and CLES (2013). *Local Procurement: Making the Most of Small Businesses, One Year On*.



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The Federation of Small Businesses Wales

The FSB Wales is non-profit making and non-party political. The Federation of Small Businesses is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 200,000 members across 33 regions and 194 branches. FSB Wales currently has around 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees meaning FSB Wales is in constant contact with small businesses at a grassroots level in Wales.

Lobbying

From the Press and Parliamentary Affairs Office in Cardiff, FSB Wales campaigns with AMs, MPs and MEPs in Cardiff Bay, Westminster and Brussels in order to promote our members' interests. FSB Wales also works closely with local, regional and national media outlets to highlight our members' concerns. Development Managers work alongside members in our regions to further FSB Wales influence at a regional level. More widely, the FSB has Press and Parliamentary Offices in Westminster, Glasgow, Belfast and Brussels to lobby the respective Governments.

Member Benefits

In addition, Member Services is committed to delivering a wide range of high quality, good value business services to members of the FSB. These services will be subject to continuing review and will represent a positive enhancement to the benefit of membership of the Leading Business organisation in the UK.

Vision

A community that recognises, values and adequately rewards the endeavours of those who are self employed and small business owners within the UK.

The Federation of Small Businesses is the trading name of the National Federation of Self Employed and Small Businesses Limited. Our registered office is Sir Frank Whittle Way, Blackpool Business Park, Blackpool, Lancashire, FY4 2FE. Our company number is 1263540 and our Data Protection Act registration number is Z7356876. We are a non-profit making organisation and we have registered with the Information Commissioner on a voluntary basis.