

National Assembly for Wales
Finance Committee

**Report on the Environment (Wales)
Bill**

September 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Finance Committee

The Committee was established on 22 June 2011. The Finance Committee's role is to carry out the functions set out in Standing Order 19. This includes consideration of the use of resources by the Assembly Commission or Welsh Ministers, and in particular reporting during the annual budget round. The Committee may also consider any other matter relating to expenditure from the Welsh Consolidated Fund.

Their remit also includes specific statutory powers under the Public Audit Act 2013 relating to new responsibilities for governance oversight of the Wales Audit Office.

Current Committee membership:



Jocelyn Davies (Chair)
Plaid Cymru
South Wales East



Peter Black
Welsh Liberal Democrats
South Wales West



Christine Chapman
Welsh Labour
Cynon Valley



Mike Hedges
Welsh Labour
Swansea East



Alun Ffred Jones
Plaid Cymru
Arfon



Ann Jones
Welsh Labour
Vale of Clwyd



Julie Morgan
Welsh Labour
Cardiff North



Nick Ramsay
Welsh Conservatives
Monmouth

The following Member attended as a substitute member of the Committee during this Inquiry:



Paul Davies
Welsh Conservatives
Preseli Pembrokeshire

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Committee Recommendations

Recommendation 1. The Committee recommends that the summary table showing the costs and benefits in the Regulatory Impact Assessment of this Bill is amended to show separate tables for costs and monetised environmental benefits. (Page 13)

Recommendation 2. The Committee recommends that the Welsh Government do not present costs and benefits in this way in future legislation, we believe this approach to be confusing and unintentionally misleading. We would like to see the Welsh Government work with the Auditor General for Wales to agree on the best way to present cost and benefit information in Regulatory Impact Assessments. (Page 13)

Recommendation 3. The Committee recommends that the Minister support the suggestion of a future Finance Committee undertaking post legislative scrutiny of the costs associated with the Bill, and that the Minister commits to ensuring that a review of the costs will be made available four/five years after the Bill is enacted. (Page 13)

Recommendation 4. The Committee are concerned about the accuracy of costings in relation to the preparation and production of area statements and the level of funding allocations for Natural Resources Wales to carry out current duties and those included within the Well-being of Future Generations (Wales) Act 2015, Planning (Wales) Act 2015 and Environment (Wales) Bill 2015. The Committee recommends that the Minister work closely with Natural Resources Wales to ensure this work is adequately funded. (Page 17)

Recommendation 5. The Committee recommends that the Minister review the Regulatory Impact Assessment to provide an indication of the costs associated with Marine Licensing. (Page 20)

Recommendation 6. The Committee would like assurance that costs for these waste companies will be lower in the medium to long term and recommends the Minister work with these organisations to ensure they are able to continue operations throughout the transition period and that access to finance is available to these organisations. (Page 23)

Recommendation 7. The Committee would like the Welsh Government to consistently follow the example of the Health Minister who indicated that the Explanatory Memorandum and Regulatory Impact Assessment for the Regulation and Inspection of Social Care (Wales) Bill 2015 would be updated as subordinate legislation was drafted and costed. (Page 25)

1. Background and Overview

1. The [Environment \(Wales\) Bill](#) (“the Bill”) was [introduced in Plenary](#) by the Minister for Natural Resources, Carl Sargeant AM (“the Minister”) on 12 May 2015.
2. The Committee took evidence on the financial implications of the Bill from the Minister on 9 July 2015.
3. The Bill is extensive and covers eight different policy areas. The Explanatory Memorandum accompanying the Bill identifies the following policy objectives for the legislation:
 - Putting in place legislation that will enable Wales’ resources to be managed in a more pro-active, sustainable and joined-up manner.
 - Establish the necessary legislative framework to tackle climate change.
 - Improving resource use in relation to carrier bag usage and waste management.
 - Clarifying the law for a number of existing regulatory regimes including marine licensing, shellfisheries, land drainage and flood risk management.
4. A [summary](#) of the provisions of the Bill has been produced by the Assembly’s Research Service.

2. Summary of additional costs and benefits of the Bill

5. A detailed Regulatory Impact Assessment (“RIA”) is contained within the Explanatory Memorandum. The RIA presents the costs and benefits of the options considered under each section structured around the main parts of the Bill. The RIA presents a range of options under each section of the Bill along with the costs and benefits of each option and an assessment of how far they meet the Bill’s aims.

6. The costs and benefits are calculated over a ten year time period (2015-2025) and discounted using a 3.5% discount rate as set out in the Treasury Green Book. This means that all the costs and benefits are presented in present value terms.

7. The RIA explains that it has been informed by work undertaken by three sets of independent consultants. Eftec helped with the sustainable management of natural resources section, AEA Ricardo worked on the charges for carrier bags and Eunomia Consulting and Research Ltd provided scenario modelling for the collection and disposal of waste section.

8. The RIA calculates the total additional cost over the first ten years of the Bill to be around £291 million, this is balanced by savings of £359 million to give a net saving of £68 million. The RIA explains that a 10 year time period was chosen to enable Natural Resources Wales (“NRW”) to embed the new approaches identified in the Bill.

9. Part 1 of the Bill, Sustainable Management of Natural Resources, has the greatest overall additional cost of up to £4.5 million. This includes the development of a National Natural Resources Policy (“NNRP”) by the Welsh Government and a State of Natural Resources Report (“SoNaRR”) and Area Statements by NRW.

10. The RIA also breaks the costs down by groups and bodies who are affected by each option in the Bill, these are shown in table 1 below.

Table 1: Additional costs and benefits of the preferred options by group or body affected; 2016-17 to 2025-26

	<i>£m</i>		
Group or body affected	Cost	Benefit	Net cost / benefit (negative)
Consumers	115.5	-	115.5
Waste Management Business	155.0	-70.7	84.3
Manufacturers	8.3	-	8.3
NRW	5.4	-0.7	4.8
Business Waste Producers	3.3	-	3.3
WG	2.4	-0.1	2.3
Local authorities	0.4	-	0.4
Wholesalers	-	-0.1	-0.1
Sewerage Authorities	-	-7.1	-7.1
Tax Revenue	-	-19.3	-19.3
Retailers	0.8	-37.7	-36.9
Charitable Donations	-	-75.5	-75.5
Environmental Impact	-	-148.0	-148.0
TOTAL	291.1	-359.1	-68.0

3. Regulatory Impact Assessment (RIA)

Robustness of the RIA

11. Some consultation responses question the robustness of the RIA. CLA Cymru (Country Land and Business Association Limited) are concerned that the findings from the area-based land management trials conducted by NRW were not ready in time to feed into the evidence base of the RIA. CLA Cymru further question the robustness of the cost estimates for NRW and query whether there is adequate cost benefit analysis in relation to land management agreements.¹

12. The Association of Manufacturers of Domestic Appliances (AMEDA)², Catering Equipment and Supplies³ and Mechline Developments Ltd⁴ question the sources, assumptions and methodology used in the section of the RIA that calculates the savings of a ban on food waste to the sewer. AMDEA further assert that “no experts from our industry were consulted”⁵ in the preparation of the RIA. The RIA states that during the white paper consultation the Welsh Government met with manufacturers and suppliers of waste disposal units.⁶

Monetisation of benefits

13. The RIA states that the preferred option in Part 1 of the Bill could lead to benefits of over £2 billion per year, however it is not possible to determine the proportion of benefits that would be directly attributable to the Bill and therefore these figures are not included in the summary table. Similarly, with Part 2 of the Bill concerning Climate Change, monetised benefits are not included in the summary table as only a UK estimate is available and not a Wales figure.

14. The other parts of the Bill are estimated to be cost neutral or will generate savings. Part 4, Collection and Disposal of Waste is estimated to save £58.7 million over ten years mainly due to the estimated £139.8 million environmental benefits and savings for waste management companies of £70.7 million. Part 3 of the Bill which

¹ Written Evidence, Environment and Sustainability, EB 39

² Written Evidence, Environment and Sustainability, EB 14

³ Written Evidence, Environment and Sustainability, EB 30

⁴ Written Evidence, Environment and Sustainability, EB 37

⁵ Written Evidence, Environment and Sustainability, EB 14

⁶ National Assembly for Wales, Explanatory Memorandum, Environment (Wales) Bill

places a minimum charge on all carrier bag types, estimates a saving of £8.3 million. Furthermore sellers would be subject to a duty to donate their net proceeds of the charge on carrier bags to good causes generating additional savings of £7.5million.

15. The RIA provides monetised benefits for a number of sections most notably in Part 3 – Carrier Bags (£132m + £8.7m) and Part 4 – Collection and Disposal of Waste (£217.6). In the Carrier Bags section the bulk of benefits are made up of charitable donations and tax revenue. In the Collection and Disposal of Waste the benefit to the environment is the largest component (£140m) followed by benefits to waste management businesses and sewerage authorities.

16. Under the summary table it states that the overall total benefit figure for the Bill only includes monetised benefits and concludes:

“Inclusion of non-monetised benefits would be anticipated to greatly increase this figure.”⁷

17. The RIA states as with most Bills that it has not been possible to quantify all the identified benefits and a qualitative description is provided alongside many of the benefits.

Evidence from the Minister

18. The Minister was asked how the monetised benefits relating to environmental impact had been measured. In response to this the Minister provided examples around ecosystems⁸ and tourism⁹, the Minister provided further examples in respect of this question in his written evidence to the Committee.¹⁰ The Minister said measuring benefits in this way was a tried and tested method.¹¹

19. When asked how environmental benefits of £140 million are calculated over a ten year period the Minister said:

“We think it gives a more holistic picture if we are able to model this over the long term. In fact, what I often say within the

⁷ National Assembly for Wales, Explanatory Memorandum, Environment (Wales) Bill

⁸ Finance Committee, ROP, 9 July 2015, paragraph 24

⁹ Finance Committee, ROP, 9 July 2015, paragraph 27

¹⁰ FIN(4)-18-15 P5 – Letter to Chair of Finance Committee from Minister for Natural Resources

¹¹ Finance Committee, ROP, 9 July 2015, paragraph 32

environmental field is actually, both in measurements financially but also about impact, that it's very difficult to make assessments or very presumptuous to make assessments on one year's activity because of fluctuations in the programme and how the environment operates. You get a much more stable effect if you can do it long term. So, we've done it over a 10-year period. The figures, we believe, are robust, and the figures are reflected in the activity of savings longer term."¹²

Committee view

20. The Committee has concerns about the way costs and benefits in this Bill are presented. Members accept that the Bill will likely provide environmental benefits but trying to link these benefits in a tangible way to costs gives a false impression that monetary benefits will be realised.

21. In considering this approach for monetising benefits the Committee looked to the consultation response from the Auditor General for Wales in relation to the Regulation and Inspection of Social Care (Wales) Bill. In his consultation response, the Auditor General for Wales said that he was concerned that the summary table setting out the costs and benefits of the Bill did not give a clear view of the costs. He said:

“There is nothing wrong with providing monetised valuations of benefits, but I consider it potentially misleading for such benefits to be mixed in the middle of a table of cash figures.”¹³

22. The Committee are pleased to see the Welsh Government have attempted to monetise the benefits associated with the Bill. However, the Committee believes the way the costs and monetised benefits are presented in this Bill have the potential to mislead in the same way that the Auditor General for Wales identified in the Regulation and Inspection of Social Care (Wales) Bill.

23. The Committee were also concerned about the accuracy of some of the costs in the RIA and would recommend a future Finance Committee undertake post legislative scrutiny in the future to test the accuracy of the costings.

¹² Finance Committee, ROP, 9 July 2015, paragraph 39

¹³ Written Evidence, Health and Social Care Committee, RISC48

Recommendation 1: The Committee recommends that the summary table showing the costs and benefits in the Regulatory Impact Assessment of this Bill is amended to show separate tables for costs and monetised environmental benefits.

Recommendation 2: The Committee recommends that the Welsh Government do not present costs and benefits in this way in future legislation, we believe this approach to be confusing and unintentionally misleading. We would like to see the Welsh Government work with the Auditor General for Wales to agree on the best way to present cost and benefit information in Regulatory Impact Assessments.

Recommendation 3: The Committee recommends that the Minister support the suggestion of a future Finance Committee undertaking post legislative scrutiny of the costs associated with the Bill, and that the Minister commits to ensuring that a review of the costs will be made available four/five years after the Bill is enacted.

4. Cost implications for Natural Resources Wales (NRW)

24. The RIA details additional net costs to NRW of £4.8 million under several parts of the Bill including the development of State of Natural Resources Report and Area Statements (“SoNaRR”) under the Part 1- Sustainable Management of Natural Resources and the inspection of non-domestic premises to enforce the requirement to sort waste under Part 4 - Collection and Disposal of Waste. Under Part 6 – Marine Licensing the RIA states that costs to NRW should be neutral as they will be able to achieve greater cost recovery and the costs will be borne by the users of the marine licensing system.

25. In response to the recent consultation many respondents including those from [RSPB Cymru](#), [RTPI](#), [National Parks Wales](#), [Wildlife Trusts Wales](#), [CIWM Cymru](#), [Viridor](#) and [NFU Cymru](#) state that they remain concerned that NRW are not sufficiently resourced to fulfil all their functions and their changing purpose as set out in this Bill and the Well-being of Future Generations (Wales) Act.

26. In their consultation response NRW state that they are currently developing a better understanding of the costs and “will discuss funding with the Welsh Government”. The RIA identifies the development of area statements in 11-14 areas across Wales as the preferred option. NRW states however that the options identified in the RIA should be viewed as “illustrative examples and should not be seen as NRW’s preferred approach”.

Additional staff and resources

27. The RIA states that in order to prepare and produce a state of the natural resources report NRW will need to have staff with sufficient technical skills and this may require some additional staff time and skills along with training and analytical tools. In terms of producing area statements the RIA identifies that NRW will require additional staff resources and these could form part of the Transitional Team first appointed in October 2014 to ensure delivery against the Well-being of Future Generations Act 2015.

28. In their consultation response [NRW](#) explain that the information they submitted for the RIA on area statements was the best information available at the time (in summer and autumn 2014). NRW

state that they are now estimating the costs based on a better understanding of the changes needed which they expect to be higher:

“2.4.1 (...)The RIA sets out four options for implementation of the Area Statements. We acknowledge that these were developed as illustrative examples and should not be seen as NRW’s preferred approach. As we have refreshed our own NRM transformational programme, we have developed a better understanding of the scale of the changes we need to implement such as IT, staff training, new systems and process to develop Area Statements. These will undoubtedly incur additional costs which we are currently estimating.”¹⁴

Cumulative impact of the Well-being of Future Generations (Wales) Act 2015, Planning Bill (Wales) 2015 and the Environment (Wales) Bill 2015

29. The Well-being of Future Generations (Wales) Act 2015, Planning Bill (Wales) 2015 and the Environment (Wales) Bill 2015 have all been designed to support sustainable development and deliver the well-being goals. It is difficult to separate the costs and benefits of the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Bill as they overlap, particularly in the Sustainable Management of Natural Resources section concerning SoNaRR and area statements.

30. The Well-being of Future Generations (Wales) Act 2015 and Environment (Wales) Bill 2015 both place costs on other public bodies and the RIA of the Environment (Wales) Bill 2015 explains that public bodies will be required to share information and collaborate in order to help NRW prepare SoNaRR and area statements under requirements set out in Public Service Boards under The Well-being of Future Generations (Wales) Act 2015. The RIA states that this means there is no additional cost to other public bodies of collaborative governance under Part 1 of the Environment (Wales) Bill 2015.

Evidence from the Minister

31. The Minister was asked to respond to the concerns that NRW is not adequately resourced to implement the Bill. The Minister stressed that discussions regarding costs had been had with NRW, and whilst

¹⁴ Written Evidence, Environment and Sustainability, EB 41

“There are still details to be discussed, but, broadly, we agree on the way forward”.¹⁵

32. In relation to the cumulative impact between the three pieces of legislation which will impact on the work of NRW the Minister said:

“The jigsaw of this department of legislation is coming together. We’ve worked very hard to make sure that the overlaps in the Bill are fully understood, and we have provided information to committee with regard to how they interact together. What we’ve been very clear about is that we didn’t double count some of those issues. So, there are things within this Bill that will help NRW and other bodies on their duties around the future generations Act, in terms of the environmental impact that they have to deal with in this Bill, that will have the outcome that is required by the future generations Act. So, you won’t have to do it twice. It’s a case of doing it once, which will have an effect on another Bill. So, in the RIA we’ve made sure we’ve been thorough in making sure what actions you have to do in this Bill, taking into account either the planning Bill or the future generations Act.”¹⁶

33. The Minister was questioned on whether the real implications of this Bill for NRW could be known in terms of costs and staff, the Minister said:

“We put in the RIA figures that we believe are accurate to the cost of the provision of services by NRW. We don’t believe that they are disputed by NRW, although there are obviously issues of detail that we’re happy to speak about and to continue to work with the organisation in terms of how they will enact that. We don’t believe we’re miles away. I’ve taken through Bills before where I’ve had interesting discussions with the WLGA on their figures and our figures, and, towards the end of the Bill, they’ve come much closer together. The irony of this is that NRW are very close to us on these numbers already, and we think we are accurate in that proposal.”¹⁷

¹⁵ Finance Committee, ROP, 9 July 2015, paragraph 129

¹⁶ Finance Committee, ROP, 9 July 2015, paragraph 132

¹⁷ Finance Committee, ROP, 9 July 2015, paragraph 137

34. When asked further questions, as to how many area statements there will be, the Minister said the answer to that was not known.¹⁸

Committee view

35. The Well-being of Future Generations (Wales) Act 2015, Planning (Wales) Act 2015 and the Environment (Wales) Bill 2015 have all been designed to support sustainable development and deliver the well-being goals. However, the Committee recognises that it is difficult to separate the costs and benefits of the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Bill as they overlap, particularly in the Sustainable Management of Natural Resources section concerning SoNaRR and area statements.

36. However, it was clear when discussing with the Minister the costs and impact of this Bill along with the Well-being of Future Generations (Wales) Act 2015 and Planning (Wales) Act 2015, that the Minister's views of whether costs in the Bill were adequate varied from the view presented by NRW in their consultation response to the Environment and Sustainability Committee.

37. It was clear to Members that much of the detail around costs were not adequate due to the unknown factors in bringing forward the Bill, such as the number of area statements. Until details such as these are known there remains an element of uncertainty around the actual cost to NRW.

Recommendation 4: The Committee are concerned about the accuracy of costings in relation to the preparation and production of area statements and the level of funding allocations for Natural Resources Wales to carry out current duties and those included within the Well-being of Future Generations (Wales) Act 2015, Planning (Wales) Act 2015 and Environment (Wales) Bill 2015. The Committee recommends that the Minister work closely with Natural Resources Wales to ensure this work is adequately funded.

¹⁸ Finance Committee, ROP, 9 July 2015, paragraph 153

5. Cost implications for the Welsh Government

38. According to the RIA the Welsh Government will face additional net costs of £2.3m comprised of £2.1million for the costs of setting and the administration of the carbon budgets along with seeking independent advice on the level at which carbon budgets should be set. The Welsh Government will also input £0.2 million staff time into the development of the National Natural Resources Policy (“NNRP”).

39. The RIA states that the costs to the Welsh Government of producing the NNRP will be managed, “within current budget constraints and through in house management of finances”.¹⁹ There are no specific consultation provisions associated with the development of the policy but the Welsh Government states that the requirement to apply the principles of sustainable natural resource management will require collaboration and consideration of evidence. No costs are identified for these consultations activities in the RIA.

40. The Natural Resources Department’s total Revenue and Capital funding allocation has fallen considerably from £438 million as at the Second Supplementary Budget June 2014-15 to £404 million in 2015-16, according to the June 2015 First Supplementary Budget.

Marine licensing

41. Sections 77 to 81 of the Bill deals with provisions to amend the [Marine and Coastal Access Act 2009](#) to enable the Welsh Government to raise fees for a wider range of activities in relation to marine licensing including charging for pre-application advice, monitoring of a condition of a marine licence and variation or transfer of a licence. Marine licensing functions have currently been delegated to NRW by Welsh Ministers. The EM states that the aim of the provisions is ensure full-cost recovery for services provided to those seeking a marine licence.

42. The EM states that the Welsh Government and NRW are currently undertaking a marine licensing fees review. In addition to considering what levels of fees should be set, the review will also “identify opportunities for efficiencies and streamlining of service for marine

¹⁹ National Assembly for Wales, Explanatory Memorandum, Environment (Wales) Bill

licensing” and that following Royal Assent the Welsh Government will consult on the outcomes of the current fees review.²⁰

Evidence from the Minister

43. When questioned about the costs to the Welsh Government the Minister was confident that the skills base is already in the department and that the work in relation to NNRP could be undertaken within the financial constraints.²¹

44. The Minister explained that there are no consultations costs associated with the development of a State of Natural Resources Report and area statements due to the overlap with the Well-being of Future Generations (Wales) Act 2015 and how the consultation and engagement programme associated with that Act will inform the consultation requirements of this Bill.²²

45. The Minister was asked why the costs associated with the marine licensing scheme are not included in the RIA, the official accompanying the Minister said:

“... there is a process to go through in terms of consultation and developing the proposals. That would be the appropriate point for setting out those potential costs and benefits, because the detail doesn’t exist at this point.”²³

46. When asked whether there was any indication as to what the costs associated with the scheme may be the Minister said, “No, we don’t, because we haven’t consulted on that.”²⁴

Committee view

47. The Committee is content with the Minister’s explanation in relation to costs implications for the Welsh Government and in relation to the consultation.

48. The Committee does have concerns regarding the lack of details around the costs of the marine licensing scheme. The Committee believes that all legislation introduced to the Assembly should have an

²⁰ National Assembly for Wales, Explanatory Memorandum, Environment (Wales) Bill

²¹ Finance Committee, ROP, 9 July 2015, paragraph 163-167

²² Finance Committee, ROP, 9 July 2015, paragraph 169

²³ Finance Committee, ROP, 9 July 2015, paragraph 182

²⁴ Finance Committee, ROP, 9 July 2015, paragraph 189

indication of the costs associated with the implementation of all areas of the Bill.

Recommendation 5: The Committee recommends that the Minister review the Regulatory Impact Assessment to provide an indication of the costs associated with Marine Licensing.

6. Separating waste

49. In their responses to the White Paper on the Bill some stakeholders expressed concern about the practical impact of the separation requirements on small businesses whose premises may be too small to hold a number of different bins etc. or who may need to pay more for new recycling contracts. The RIA indicates that whilst the separation requirements may over time reduce costs for large businesses, they are likely to increase costs for businesses only producing a small amount of waste.²⁵ In addition the EM acknowledges that where costs do increase for businesses this may have an adverse impact on their competitiveness particularly if they have competitors based in England. The Statement of Policy Intent outlines that regulations under these provisions are unlikely to be made before January 2017.

50. The RIA estimates that the reduction in volume of waste being sent to landfill would reduce the amount of Landfill tax waste management businesses are required to pay by £172.5 million over the 10 year period. This is excluded from some tables in the RIA as it would be a transfer payment, initially to the Treasury and from April 2018 to the Welsh Government.

51. Waste management business are estimated to incur net additional costs of £84.3 million in the same period due to the ban on the incineration and landfilling of specified materials which means that capital and operating costs are expected to be higher.

52. Business waste producers (includes commercial and industrial premises as well as public sector institutions and charities) are estimated to have costs of £3.3 million for administrative costs to change to the new bin system including purchasing new bins as well as the ongoing costs related to the collection of their waste materials.

53. The RIA states that there are not expected to be any significant additional costs or benefits to Local Authorities resulting from the separating waste proposals. However the WLGA argue in their consultation response that, “since the local authority would not be

²⁵ National Assembly for Wales, Explanatory Memorandum, Environment (Wales) Bill

allowed to mix materials once they have been collected separately this could result in significant additional costs”.²⁶

Evidence from the Minister

54. The Minister was asked a series of questions in relation to the costs of non-domestic premises separating waste. In relation to additional costs for these companies the official accompanying the Minister said it “works commercially”,²⁷ he continued to explain:

“The modelling in the collections blueprint, Chair, is very clear. There is an upfront investment cost, yes, of changing the kit, and Welsh Government is trying to help local authorities in this case with that investment insofar as we can with reduced public expenditure. But all the modelling shows that substantial financial savings kick in after two or three years, and we’ve estimated a total of between £20 million and £30 million per annum.”²⁸

55. The Minister said the waste sector would not be supported financially with the transitional costs,²⁹ he continued:

“I’m sure the market will adapt to that very quickly, because they know the quality of waste collected, as it will be pre-sorted, enhances the provision of opportunity for investment and returns. I do accept that, in changing the process, there is a transitional cost to that, but I’m sure the market will manage that very effectively.”³⁰

Committee view

56. While the Committee support the intention of the Bill there is concern that there will be short term unfunded investment costs for businesses in terms of meeting the costs of collecting separated waste. Some existing waste companies may not be able to access finance to make this investment in new capital, especially if not all types of waste collection are commercially profitable.

²⁶ Written Evidence, Environment and Sustainability, EB 22

²⁷ Finance Committee, ROP, 9 July 2015, paragraph 85

²⁸ Finance Committee, ROP, 9 July 2015, paragraph 97

²⁹ Finance Committee, ROP, 9 July 2015, paragraph 103

³⁰ Finance Committee, ROP, 9 July 2015, paragraph 99

Recommendation 6: The Committee would like assurance that costs for these waste companies will be lower in the medium to long term and recommends the Minister work with these organisations to ensure they are able to continue operations throughout the transition period and that access to finance is available to these organisations.

7. Cost of implementing the provisions from subordinate legislation

57. There are several parts of the Bill where the details of the regulations have yet to be decided and will substantially affect the costs:

- The RIA explains that the climate change target and carbon budget delivery costs will be determined by the level at which the target and budget levels are set at which will be defined in secondary legislation. Therefore the costs and benefits will need to be evaluated and independent advice sought before introducing formal carbon budgets.
- Regulations are needed to set a minimum charge for other types of carrier bags in addition to single use carrier bags and the RIA explores a number of possible options assuming that these regulation making powers will be used. The RIA states that a further detailed RIA would be undertaken should it be decided to pursue this policy intention in the future.
- In terms of Collection and Disposal of Waste the RIA states under the Options Analysis that the secondary legislation will be accompanied by a detailed Regulatory Impact Assessment.

58. Respondents to the consultation including FSB, Vale of Glamorgan Council, CIWM Cymru and NRW state that it is difficult to understand the details of implementation without the regulations and how the Bill will be enforced.

Evidence from the Minister

59. The Minister was asked about the timetable for bringing forward subordinate legislation associated with the Bill, and subsequently supplied the Committee with a forward look timetable of anticipated commencement and subordinate legislation dates.³¹

60. The Minister said he would expect the secondary legislation associated with the Bill to follow the normal route in terms of consultation and costings.³²

³¹ FIN(4)-18-15 P5 – Letter to Chair of Finance Committee from Minister for Natural Resources

³² Finance Committee, ROP, 9 July 2015, paragraph 264

Committee view

61. The Committee were concerned about the lack of indicative costings in relation to subordinate legislation in the RIA, particularly with regards to marine licensing.

Recommendation 7: The Committee would like the Welsh Government to consistently follow the example of the Health Minister who indicated that the Explanatory Memorandum and Regulatory Impact Assessment for the Regulation and Inspection of Social Care (Wales) Bill 2015 would be updated as subordinate legislation was drafted and costed.

Annex - Witnesses

The following witness provided oral evidence to the Committee on the date noted below. The transcript of the oral evidence session can be viewed in full at:

www.senedd.assembly.wales/documents/s42606/9%20July%202015.pdf

9 July 2015

Name

Organisation

Carl Sargeant AM

Minister for Natural Resources