

National Assembly for Wales
Finance Committee

Report on the Financial Implications of the
Proposed Shipment of Waste for Recovery
(Community Involvement in Arrangements)
(Wales) Measure

November 2009



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

An electronic copy of this report can be found on the National Assembly's website
www.assemblywales.org

Further hard copies of this document can be obtained from:
Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Tel: 029 2089 8618
Fax: 029 2089 8021
Email: Fin.Comm@wales.gsi.gov.uk

National Assembly for Wales
Finance Committee

Report on the Financial Implications of the
Proposed Shipment of Waste for Recovery
(Community Involvement in Arrangements)
(Wales) Measure

November 2009



Committee Membership



Angela Burns

Chair

Carmarthen West and
South Pembrokeshire
Welsh Conservative Party



Mohammad Asghar

South Wales East
Plaid Cymru



Alun Davies

Mid and West Wales
Labour



Christopher Franks

South Wales Central
Plaid Cymru



Ann Jones

Vale of Clwyd
Labour



Huw Lewis

Merthyr Tydfil and Rhymney
Labour



Nick Ramsay

Monmouth
Welsh Conservative Party



Joyce Watson

Mid and West Wales
Labour



Kirsty Williams

Brecon and Radnorshire
Welsh Liberal Democrats

NATIONAL ASSEMBLY FOR WALES
REPORT FROM THE FINANCE COMMITTEE

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

Background

1. Standing Order 14.2 states:

The [Finance] Committee may also consider and, where it sees fit, report on:

financial information in explanatory memoranda accompanying proposed Assembly Measures;

Consideration

2. The Finance Committee considered the Proposed Shipment of Waste for Recovery (Community Involvement in Arrangements) (Wales) at its meeting on 24 September 2009.

3. The proposed Measure was presented to the Finance Committee by Nerys Evans, AM the Member in charge of the proposed Measure who answered Members' questions. Members also had regard to the responses received by the Measure Committee in their consultation on the proposed Measure.

What the proposed Measure would do

4. The proposed measure seeks to provide greater transparency and openness in the way that Welsh local authorities deal with waste for recycling. In particular, it would require local authorities to make publicly available information about the proportion of the recycled materials that is collected from households and processed outside the European Community and European Free Trade Area). The Explanatory Memorandum states that it is intended, that as a result of this information, residents will encourage local authorities to use recycling facilities closer to the source of the recycled materials and, in turn, this will lead to increased interest and participation in recycling.

5. The proposed measure places a duty on waste collection and waste disposal authorities in Wales to prepare a statement if, during the year in question, they ship or otherwise dispose of waste for recovery outside the European Community

and EFTA. The statement must contain certain specified information on the total quantity of waste shipped, how much was ultimately for recovery, where it was shipped and the type of recovery.

6. The statement must be published on the authority's website and include an invitation to the public to make representations in writing to the authority. The authority must 'have regard to' such representations when deciding on future arrangements.

Potential costs

7. The Explanatory Memorandum says (9.3) that the costs resulting from the proposed Measure will be incurred almost exclusively by Local Authorities in Wales. It says (9.4) that the WLGA has estimated this to be £700,000 based on the administrative burden requiring the input of 1 full time members of staff in each local authority.

8. The Explanatory Memorandum also says (9.5) that this estimate is questionable because the proposed measure involves an annual reporting requirement with monthly updates so the workload will be concentrated at one time of the year. It also says that the reporting requirements could be assimilated into existing procedures. The Explanatory Memorandum does not however offer an estimate of its own.

9. The Explanatory Memorandum also says (9.8) that costs would accrue to the bodies providing the information to local authorities but these are expected to be minimal.

Evidence

Costs for local authorities

10. In her oral evidence, Nerys Evans told the Finance Committee (ROP 162) that she questioned the WLGA's estimate totally and said that she did not agree with it at all. She said she had included it in the Explanatory Memorandum because it is the only figure they had received. She also said it was based on the first draft of the proposed Measure which placed a requirement on local authorities to provide this information whereas after consultation she changed the proposed Measure to require that authorities only take 'reasonable steps to collect the information'.

11. Nerys Evans also told the Finance Committee (ROP198) that a partnership in Somerset was already obtaining and publishing this information and that doing so had led to massive benefits in people engaging more with the process. But she did not have information about their costs. She said in a subsequent letter

(7 October 2009) that she had contacted them but they were unable to meet with her at the time. She had though since learned that a requirement to provide this information was written into the contracts of collection contractors and that the Somerset partnership had been able to collect this information without much difficulty. She said she was trying to get further details about the processes through which this information is collected and would write to the Finance Committee if and when she receives any further details.

12. The Finance Committee notes that the Minister Jane Davidson AM, Minister for Environment, Sustainability and Housing suggested in her oral evidence to the Measure Committee (ROP para 69 8 October 2009) that the figure might be about £350,000.

Costs for waste processors

13. In relation to the costs falling on waste processors, Nerys Evans said [rop 188] that these would be minimal because they already had the information and it would just be a matter of passing it down the chain. However, she did not have any information directly from waste processors. They would though have been included in her consultation exercise and had not responded.

14. The Finance Committee asked whether contract costs were likely to increase if new contracts required waste processors to report this information. Nerys Evans said [rop 213] her view was that it was possible but because the information was already there she doubted it would be the case.

Other costs

15. The WLGA also suggested that there would be a cost of around £100,000 to develop and implement a campaign to raise public awareness of the recycling market. Nerys Evans, said [rop 217] she did not accept the argument and that it assumed the public was quite ignorant about what was happening.

16. The Finance Committee asked if increased awareness of where waste material was recycled would lead to an increased demand, and in turn for increased costs, for local authorities to recycle more waste locally. Nerys Evans indicated [letter 7 Oct] that this would not involve costs because the purpose of the proposed measure was not to discourage the recovery of waste materials overseas where this provides the best environmental option. It seeks only to ensure the public has more information on the shipment of recycled waste after it is collected.

Funding

17. The Finance Committee noted also the evidence from Jane Davidson the Minister for Environment, Sustainability and Housing that there is currently no budgetary provision for this activity and funds would need to be diverted from other initiatives. As was noted previously, the Minister indicated that these costs could be of the order of £350,000. Presumably, if the proposed measure became law, the Government would be required to meet the costs under the Jones-Essex agreement.

Discussion

18. Standing Order 23.18(vi) requires that at the same time as a Member introduces a proposed Measure, he or she must also lay an Explanatory Memorandum which must (amongst other requirements)

(vi) set out the best estimates of:

any administrative, compliance and other costs to which the provisions of the proposed Measure would give rise;
the timescales over which such costs would be expected to arise; and
where the costs would fall;

19. The proposed measure will lead to costs being incurred:

by local authorities to meet the administrative requirements of the proposed measure;
by private companies to supply information.

20. There are also indications that costs would be incurred by local authorities if the result of the measure is to increase volumes of recycling and also because it may be necessary to develop and implement a public campaign to increase awareness of recycling. The Finance Committee accepts that, while these costs may well arise, they would be indirect effects of the proposed Measure and providing estimates of them in the Explanatory Memorandum falls outside the scope of Standing Order 23.18(vi).

21. The WLGA has said the costs arising from (a) could be £700,000 a year. Nerys Evans says she does not accept this figure. She has nonetheless included it in the Explanatory Memorandum and has not offered an alternative or given any reasons why she disagrees with the WLGA. The Minister Jane Davidson AM has suggested a better figure would be about £350,000. While the Finance Committee is inclined to agree with the view that the WLGA figure is too high, it is unable to judge by how much. It is disappointed that Nerys Evans has not pursued the information sources that are available and has not, at least, offered her own assessment of the number of hours, or the full time equivalent, of the input that would be required within a local authority. Indeed, she has not offered

any evidence for her own assessment of the costs which is required under Standing Order 23.18(vi).

22. The Finance Committee is particularly disappointed that Nerys Evans has not made greater efforts to pursue the information available from the Somerset Partnership which would provide a useful alternative view on these costs. It notes however, that she is still trying to get this information and hopes she will be successful and will soon be able to provide further details to the Finance Committee.

23. The WLGA also indicated that they consider there would be costs of around £100,000 to develop and implement a campaign to raise public awareness of the recycling market. Nerys Evans has said she does not agree with this but has not presented any evidence to support this view. The Finance Committee does not consider it acceptable simply to ignore evidence that there might be a cost associated with a proposed Measure.

24. There is even less information in relation to: (b) the costs that will fall on private companies. The Finance Committee considers this an essential requirement of any legislative proposal. While it notes that no contrary view came forward in Nerys Evans' consultation it does not feel that the Assembly should have to rely on 'negative' evidence to support the view that there will be no significant costs for private companies. It would not have been a major exercise to contact some of the waste processors, or perhaps an appropriate trade organisation, to obtain some independent evidence on this.

25. The Finance Committee notes that there is some uncertainty in relation to existing contracts which may not include any requirement for waste processors to collect, or provide, this information. However, in the longer term, it presumes that new contracts will include such a requirement and this may, in turn, lead to waste processors seeking to pass this cost on to local authorities. This makes it doubly relevant to the financial assessment.

26. Finally, the Finance Committee understands that the Presiding Officer, from his assessment of the Measure when it was introduced, has given a preliminary view that the Measure does not require a financial resolution under Standing Order 23.79. While the costs associated with this proposed Measure are still uncertain, the figures indicated so far suggest they could be substantial. Given also that ultimately all or most of them will be met by the Government, and thus be a charge on the consolidated fund, the Finance Committee asks the Presiding Officer to consider these issues further before coming to his final view on whether a financial resolution is required.

Conclusion

27. The Finance Committee notes that only limited information has been provided on the costs of this proposed measure and in a number of areas the Measure relies solely on the assertions of the Member in charge of it. The Finance Committee is particularly disappointed that some fairly obvious sources, such as the Somerset partnership and contracting companies or their trade association have not been contacted and that where further information has been requested, the Member in charge of the Measure has not waited for a response. These seem serious omissions.

28. The Finance Committee is also concerned that not pursuing these relatively straightforward ways of enhancing the financial information available to support the proposed Measure might be seen as indicating that the National Assembly does not take the need for financial assessments seriously. **The Finance Committee therefore urges the Member in charge of the proposed measure to pursue these sources of information further and to present an improved assessment of the costs to the Committee.**

29. **The Finance Committee also recommends that the Stage 1 debate on the general principles of the Measure is not brought forward until it, and by implication Assembly Members generally, have considered this work.**

30. **The Finance Committee also asks the Presiding Officer to consider these issues further before coming to his final view on whether a financial resolution is required.**

Angela Burns
Chair, Finance Committee