

## CIWM Waste Strategy Review

Since your conference last year, as well as publication of the waste strategy review document, there have since been three potentially helpful developments.

First, waste is higher on the political agenda. The Landfill Allowances Trading Scheme is really starting to focus local authorities' leaders and chief executives on waste.

Second, the publication of the Kelly review of LA contracting is imminent. Although it is part of the Gershon process intended to cut public spending, we hope it will at least help positively to inform next year's Comprehensive Spending Review so that funding to manage Britain's municipal waste can approach European standards.

Third, there is increasing reference to resource management at the European and national levels of Government. The European Commission's Thematic Strategies, published in December, broadly reflect ESA's views on sustainable use and re-use of resources. And while its overall policy framework is still not entirely coherent, the Government's own thought process, which includes the energy and climate change reviews, is also more focussed on recovery of material and energy from waste.

Last year I focussed on ESA's longstanding mantra: the need for more effective regulation, appropriate funding and a more facilitative planning system. While there have been improvements here and there, we have not reached our destination.

We are going in the right direction-recycling of household waste has tripled since 1997, our industry produces 35% of the UK's renewable energy, and two out of three voters say we provide the most important council service-but we have not arrived.

On waste management policy, the Government's role is essentially to negotiate and then implement EU law.

The Government has not been particularly good at implementing EU waste laws and, looking ahead, compliance with the 2006 target, delayed to 2010, for diversion of BMW from landfill currently is not exactly a done deal. In this context, ESA thought the Government would have been wisest to use the Review single mindedly to provide a clear route to compliance with the 2010 targets for diversion of BMW. Our view was strengthened by the fact that the next wave of European policy is particularly relevant to business waste and will be evolving policy in Brussels over the next two to three years.

In the event, the scope of the Review has gone wider. This means it is particularly pertinent to place the Review in the context of evolving EU policy and I would like to offer some thoughts on the European Commission's Thematic Strategy on the Prevention and recycling of Waste and on the draft Waste Framework Directive.

The Thematic Strategy is a central mechanism to deliver the EU's 6th Environmental Action Programme which runs to 2012. It sets the context, for example, of the proposed new Waste Framework Directive and next year's review of the IPPC Directive and, as the Government's Review extends beyond diversion of BMW, it sets the context for the Review. We welcome most aspects of the Thematic Strategy, for instance:

- the Commission has recognised both that life cycle analysis can help to determine the environmental impact of resource use and inform waste policy and also the need to further develop LCA tools. While this is an emerging area of policy, appropriately implemented it can help to align economic and environmental sustainability
- the clear emphasis on implementation of existing law should help the whole of the EU to move from word to deed
- simplification of relevant law is beneficial provided protection of human health and the environment are maintained
- a material-based approach to recycling based on life-cycle principles make sense and common EU treatment standards for recycling facilities and recycled materials should enhance environmental protection and develop markets in recyclates
- clarification of the concept and definition of recovery is welcome, provided there are feasible efficiency thresholds for efw
- biowaste is correctly recognised as a priority
- recognition of the value of economic instruments

However, parts of the Strategy merit a more cautious response. For instance:

- producer responsibility encourages producers to enhance resource efficiency. The EU has correctly introduced producer responsibility for a number of major sectors. The Thematic Strategy de-emphasises producer responsibility and this gives rise to the question of whether the Strategy is consistent with meeting the costs of future recovery of value from waste
- discrimination against landfill is asserted rather than argued on the basis of evidence. Proposed additional landfill bans should be based on sound science and should also provide sufficient notice to enable replacement infrastructure to be established
- more generally, waste management infrastructure needs reasonable life-time certainty as to operating standards: for example, a suitable period of warning is required for recovery efficiency thresholds imposed on efw plants under "continuous improvement"
- the Strategy fails to distinguish between economic and fiscal instruments. These have different characteristics. Subsidiarity should apply to fiscal instruments, but not necessarily to economic instruments.

As for the proposed new Waste Framework Directive, I will just offer two brief comments.

- first, while clarification of when waste ceases to be a waste is in principle welcome, any process amounting to deregulation must be environmentally and scientifically justifiable and democratically accountable. I anticipate that the European Parliament will share ESA's concern at the power the European Commission is seeking to give itself to deregulate unspecified waste streams without transparency or democratic accountability;
- secondly, while we see merit in the European Commission's approach of determining recovery in efw plants by thermal efficiency, progress needs to be made in setting a realistic level for this criterion.

## Waste Strategy 2000 Review

Turning to the Waste Strategy Review, while the Government is right to recognise the need to prevent waste at source, waste prevention is unlikely in practice to be a panacea. Other countries have not significantly reduced waste volumes and there is no reason to believe that the UK, our Nation of Shopkeepers, can buck that trend.

While progress could be made in securing better resource efficiency in business as the Government suggests, the fact remains that recycling and recovery rates for business waste are much higher than for municipal waste. The UK is meeting legal obligations for business waste and we are doing so cost effectively. As I said some minutes ago, we think the Government should focus its current efforts on the UK's duty to divert BMW rather than contemplate more dirigisme for business waste before the EU framework settles down.

Indeed, there is an element of disingenuousness in the Government's approach in pontificating on the one hand about resource efficiency in business while consistently failing, on the other, to have significant public information campaigns to inform the 75% of British business which does not know it has a duty of care about this duty or indeed to provide adequate resources to secure convictions against criminals who illegally dump business waste without regard to the consequences for the environment or human health.

We welcome DEFRA's recognition that treatment should occur "up the chain" but, in the real World, landfill will remain a significant management option in the UK for the foreseeable future for both municipal and business waste. While some Europeans will want the new Waste Framework Directive to anticipate new landfill bans, this is not realistic for the UK.

The ultimate choice for recovery technologies lies with local authorities on behalf of local communities, but the Government has a crucial role in setting the parameters so we welcome the Government's attempt to clarify the role of energy from waste.

ESA has always been cautious about national structures for delivery of sustainable waste management. We congratulate the Government on resisting calls to establish a Strategic Waste Authority as a new quango. However, the Sustainable Waste Board that is now proposed must focus on co-ordinating the Government's policy on waste management, and not become yet another bureaucratic layer of decision making and excuse for failing to do what should be done when it should be done.

At the start of this presentation, I briefly referred to the Kelly Review which has yet to make its belated report. While hope springs eternal, we suspect the Review will not be the opportunity it could have been. We are particularly disappointed with the emphasis we believe it will place on suppliers when the major constraints in managing municipal waste are clearly on the demand side. It is manifestly the case that, given the right demand side conditions, ESA's Members can deliver for Britain precisely the recycling and recovery levels for MSW our Members have they deliver in countries like Germany, Holland and Sweden.

We would also welcome tangible measures to ensure that the private sector is not discriminated against in favour of DSOs. We hope the Kelly Review will support LATS that it will suggest that PFI is adapted to the circumstances of long term service contracts in our sector rather than attempt to get our sector to fit the normal construction PFI model.

## Conclusion

Our initial thoughts on priority areas are:

- acceleration of the modernisation of regulation. The word at the top of the Agency is now very good and this is a welcome improvement. At the operational level, however, we still need prompt introduction of new regulations, translated into clear practical rules for operators so they know what is required and when it is required, with consistent, effective and risk-based enforcement. It is still too often the case that ESA's Members are obliged to operate to exacting technical standards while marginal operators working to much lower standards are unchallenged
- on planning, the effect of PPS 10 will need to be monitored closely and the results acted on. RTABs and local authorities must be more proactive in allocating waste management capacities and identifying sites
- we need better data capture and analysis and we will lobby for this to be included in the new Waste Framework Directive
- the drive for higher recycling must be made consistent with a better occupational health and safety standards
- funding needs to be up to the task in hand. The 2007 Comprehensive Spending Review must make the necessary resources available to enable our sector to deliver the UK's compliance with EU law. PFI should be simplified where possible, with cost-effective transfers of risk. We have encouraged the Government to explore alternative funding mechanisms
- management of commercial and industrial waste is best dealt with by economic signals such as the Landfill Tax escalator and economic instruments like tradable permit systems as for packaging. The Government speaks of producer responsibility as a driver to greater resource recovery: we will support the Government in Brussels in urging the EU to sustain focus on producer responsibility
- the consultation on the Renewables Obligation was a lost opportunity but the energy and climate change reviews are opportunities to recognise and encourage the carbon benefit of extracting energy from waste. Operational changes at landfills and tapering of support for landfill gas projects both increase the need for energy to be recovered from waste in alternative infrastructure. ESA's Members are some of the most important managers of carbon available to help the Government to meet its broad environmental objectives

We want the Government to succeed and the Government has generally driven in the right direction since 1997. However, it can no longer claim to be a learner driver. We now need much faster and more certain progress to enable our industry to deliver the UK's compliance with EU law on a basis reconciling economic and environmental sustainability.