



Select Committee on the European Union

Energy and Environment Sub-Committee

Corrected oral evidence: Impact of Brexit on the UK's trade in waste

Wednesday 10 January 2018

10.05 am

Watch the meeting

Members present: Lord Teverson (The Chairman); Lord Curry of Kirkharle; Lord Krebs; Lord Rooker; Lord Selkirk of Douglas; Earl of Stair; Viscount Ullswater; Baroness Wilcox; Lord Young of Norwood Green.

Evidence Session No. 2

Heard in Public

Questions 14 - 26

Witnesses

[I](#): Dr Thérèse Coffey MP, Parliamentary Under-Secretary of State for the Environment; Chris Preston, Head of Waste and Recycling, Department for Environment, Food and Rural Affairs; Marie Fallon, Director, Regulated Industry, Environment Agency.

Examination of witnesses

Dr Thérèse Coffey MP; Chris Preston and Marie Fallon.

Q14 The Chairman: I welcome everybody to this meeting of the EU Energy and Environment Sub-Committee. Today we are looking at trade in waste. Previously, we had a roundtable on this area with the industry and other stakeholders. It is one of a series of Brexit investigations, of both challenges and opportunities, which we have been conducting since the referendum.

I have one or two parish notices. I remind members to declare their interests, if they have any, when they ask their first question. In case we get on to the marine area, I declare that I am a board member of the Marine Management Organisation. I remind everybody that this is a public meeting. It is being webcast and recorded. We will be doing a transcript. If there are any errors in the transcript, please feel free to correct them. Minister, if you want to supply any additional information, or any information that you do not have here, you or your officials are very welcome to write to us with further clarification on any issue.

First, can I congratulate you on your continued work at Defra, following the reshuffle?

Dr Thérèse Coffey MP: Thank you very much. It is a great pleasure to be reappointed.

The Chairman: I am sure that we were all pleased to see that. Before we start, can I ask you, particularly for members of the public and anybody who may be watching, to introduce yourselves, just so that people are clear about who everybody is?

Dr Thérèse Coffey MP: I am the Minister for the Environment.

Chris Preston: I am the Deputy Director for Waste and Recycling in Defra.

Marie Fallon: I am the Director for Regulated Industry with the Environment Agency.

Q15 The Chairman: Thank you very much. Welcome to you all.

I will start with a very broad question that relates very much to the core of the Brexit issues. What relationships and agreements does the UK now have with or through the EU as regards trade in waste that will need to be carried over after the UK leaves? Going on from that, will we get whatever is needed by March 2019, which is now next year?

Dr Thérèse Coffey MP: Yes. The whole basis of trade in waste law derives from two things: the UN Basel Convention and the OECD Convention. Both of them guide the rules on the movement of hazardous and household waste. The focus is also on trying to reduce residues from incineration of household waste.

Within the OECD, there are additional rules, but they come together in one EU framework, which is the Waste Shipments Regulation. That provides the legislative framework for the supervision and control of waste movements both within and outside the EU. In effect, we will bring the WSR into UK law, through the European Union (Withdrawal) Bill. As far as I am concerned, it is perfectly possible for that to happen by March 2019. Apart from one or two instances, everything can carry on as now. There is no reason for any concerns about a smooth transition with regard to waste management.

The Chairman: As we know, through the Customs Union, the EU has some 50-plus third-party agreements that we are part of as an EU member. I do not know whether any of those have waste components. Clearly, when we leave the EU, we will be outside the EU's second-party agreements. Does any of that have implications for trade in waste?

Dr Thérèse Coffey MP: I am not aware specifically of any of those relating to waste, because of the underpinnings of the OECD Convention that we follow. Chris might have some additional information, but none of our scenario planning indicates that we need to do anything particularly special in order to continue what we do today.

Chris Preston: We will still be able to trade with countries that are part of the Basel Convention, as part of the OECD, in the way we do currently. Is your concern about tariffs and things like that, such as whether we could lose preferential access in relation to tariffs? The WTO sets out a list of all the various tariffs that apply to materials that might be exported. Sadly, I do not keep the figures in my head, but they are all available on HMRC's website. The maximum tariff is about 10%. Quite a few things do not carry any tariff at all, so it would be very material-specific.

The Chairman: We will come to tariffs later. You are saying that it is all delightfully straightforward. I am pleased to hear that.

Q16 **Lord Selkirk of Douglas:** In relation to the United Kingdom's trade in waste, what will be the pertinent issues in phase 2 of the Brexit negotiations? In particular, what would a no-deal outcome or, for that matter, a transitional period mean for the UK's trade in waste?

Dr Thérèse Coffey MP: Broadly, we will be able to carry on as now. It will probably require the EU to change its own rules, because we will no longer be part of the EU. We have Basel and the OECD. On top of that, the EU Waste Shipments Regulation says in effect that you cannot dispose of hazardous waste outside Member States. At the moment, we receive hazardous waste from time to time, from Ireland in particular. In order for Ireland to continue to be able to send that waste to England, the EU will need to change its own rules.

The Chairman: We will come on to that in a bit more detail.

Dr Thérèse Coffey MP: Apart from that, we do not need to change any of our regulations.

Lord Krebs: Minister, I would like to declare an interest. I advise two food retailers, Marks & Spencer and Tesco, including on matters to do with waste. I was interested to hear what you said in answer to Lord Selkirk's question, because the Environmental Services Association told us that a hard Brexit, if that were the outcome, could disrupt some of the trade in waste and drive up costs of waste management. Do you think that it is unnecessarily worried?

Dr Thérèse Coffey MP: I think it is. It might come back to the concept of frictionless trade and its checks and mechanics, rather than to the regulations. I see no reason why it is in the interests of different countries to make those changes. We are not anticipating particular problems, even if it did happen.

Chris Preston: We already export waste to other countries that are not part of the EU, as part of an international trading system.

Dr Thérèse Coffey MP: I am sure there will be contingency planning; I would not expect them to do otherwise. However, I hope that they are not putting too much effort into it, because I think it will not be needed.

The Chairman: From what you are saying, a no-deal outcome would not make any difference.

Dr Thérèse Coffey MP: As I said, it is more about the issue of frictionless movement between the EU and the UK. I guess that is where people might have concerns. As you know, the Government are aiming to have a new relationship that is also frictionless.

Q17 **Viscount Ullswater:** Can we move on to tariff and non-tariff barriers? What assessment have you made of potential tariff and non-tariff barriers to the UK's current trade in waste with the EU post-Brexit? Although, as you said, we will mirror the WSR in the Brexit talks, what effect would it have if we had to have tariffs? Mr Preston mentioned something about tariffs. I wonder whether Ireland will be a big problem in that.

Dr Thérèse Coffey MP: If we end up in that unfortunate situation, we will revert to WTO rules. The EU is a huge importer of waste, because there are places in other countries, such as the Netherlands, that specialise in doing huge amounts of recovery from it. Almost certainly, the tariff would end up on them for importing our waste, which would not be in their interest, I expect. The raw materials that are extracted are things such as waste metals, scrap and different bits of paper. If tariffs ended up being the outcome, it would increase the costs of materials for EU companies. I expect that we will want to work together to make sure that that is not the outcome.

Chris Preston: I can send you the table of tariffs and the quick assessment that we have done. Things such as clinical waste, some plastic wastes, woven silk—strangely—and worn clothing have a tariff attached. Lots of other items are tariff free under the WTO rules.

Dr Thérèse Coffey MP: There is quite a lot that is not. Quite a lot of metals are not.

Chris Preston: Yes. Hard rubber, pulp and fibres, precious metals, ferrous waste and copper waste are all tariff free. There would be no increase for those things, but obviously for some things there would be a small increase. The maximum tariff for what is transported is around 7%; the tariffs range from about 3% to 7%.

Lord Krebs: I have two questions. First, are you saying that 3% to 7% is trivial? If I were in the business, I imagine that I might think it was quite important. Secondly, are we talking about both recyclate and residual waste, or is this just a conversation about recyclate?

Chris Preston: It is about the recyclate that we export. From the waste industry's perspective—

Lord Krebs: What about the residual waste? We export more than 3.5 million tonnes of non-recycled waste to the EU.

Chris Preston: We pay for RDF anyway. It is a service that goes out. In effect, it is an alternative disposal or recovery method within Europe. We do not actually make money, as regards what our businesses pay; as things stand, we already pay European companies. As the Minister mentioned, places such as the Netherlands and Germany take our refuse-derived fuel for use in energy recovery. There is no tariff on that. It is a simple business transaction.

The Chairman: As we all know, in the modern world, non-tariff barriers often tend to be more important than tariff barriers. I am not suggesting that there are such barriers, but do we know what the experience is of bringing in other waste from non-EU countries? Exporting low-grade waste, in particular, rather than recyclate, might keep the lights on through waste-to-energy plants in Scandinavia or wherever, but can there be difficulties on borders? In biosecurity, and the whole area of importing other people's waste, there is a lot of trust if you are part of the club, but there will be a lot more suspicion when you are outside.

This is a genuine question; I am not trying to be negative about it. I would have thought that it was an area where there might be difficulties in future, particularly given China's import ban. The waste-to-energy plants may be full of European waste now, as it will not be offloaded somewhere on the Asian continent.

Dr Thérèse Coffey MP: I suggest that those standards are already in place, due to the fact that we are signatories to the Basel Convention in our own right and participants in the OECD Decision. We will continue to have standards on waste that are identical to those everywhere else in the EU, certainly at the start of our time outside the EU, so I see no reason why there should be sudden changes.

The Chairman: It is not always about reason, is it? It is about systems, trust and all sorts of other things. It is a real question.

Dr Thérèse Coffey MP: We would still have the same level of systems and the same level of regulation. If you want to use the word “reason”, that is okay, but we will have the same rules in place on the day we leave the EU as on the day before we leave the EU. To that extent, we should be able to offer a level of assurance that our standards are the same.

Chris Preston: From a regulatory perspective, we will be aligned at that point anyway. Europe will be able to continue to accept refuse-derived fuel; that is not waste for disposal through landfill, but waste for energy recovery that cannot go to any other place further up the waste hierarchy. That will continue.

The Chairman: Sure, but what is the experience of third countries that import to the EU 27 at the moment? Do we have any intelligence about that?

Chris Preston: I will have to check that one.

Dr Thérèse Coffey MP: I do not have that to hand.

The Chairman: It seems to me that if anything is going to go wrong, in a very practical sense, it will be in that area.

Lord Krebs: Will the alignment post-Brexit include product standards, both for recyclates and for residual waste? With regard to non-tariff barriers, if there are product standards that are applied within the EU, will we have to comply with them, or do you envisage that it will be fine for us to diverge from them?

Dr Thérèse Coffey MP: The intention of the European Union (Withdrawal) Bill, which will come to your Lordships shortly, is that day zero and day one will be identical. It will be for this Parliament to decide future changes. Overall, there is a more general international approach to improving things in the circular economy and to environmental improvement. Some of what has happened with China is part of that environmental improvement, and has been a catalyst for the Chinese to step up their changes domestically. I see no reason why there will be massive divergences in the future.

The Chairman: Thanks very much. If you have any more information on that, Mr Preston, it will be useful.

Q18 **Earl of Stair:** Can I turn to the subject of landfill? Traditionally, everything always used to go into a hole in the ground. We then discovered that that was creating issues with groundwater, biogas and all the other bits and pieces, and we moved very much into recycling. However, even with the amount of recycling we are doing at the moment, we still have to export to Europe approximately 8 million tonnes per year that we are not capable of handling in this country. That is not going into the ground any more. What assessment have you made of the possibility that Brexit might result in more waste being sent to landfill in the UK? What measures will you put in place to ensure that that does not happen?

Dr Thérèse Coffey MP: For many years, we have had in place the Landfill Tax, which is still rising. That has proved an effective deterrent. It is why our proportion of landfill continues to decline. I am confident that that will continue. As you will be aware, the waste hierarchy expects us to do whatever we can to avoid waste going to landfill. To some extent, that and incineration would be a last resort. We are preparing a new resources and waste strategy this year, in which we are still exploring policies, but we hope to be able to step-change our approach to improving the amount of recycling we have, particularly by making best use of our resources. That will continue a further reduction in our targets for landfill and an improvement in how much we recover and recycle.

Earl of Stair: The 8 million tonnes will still exist, whatever happens. Landfill tax is not really an effective control over it. It appears to me that a lot more positive action needs to be taken to do something about the 8 million tonnes, rather than just relying on the Tax, because that will lead to criminal acts and more fly-tipping. Should the Government not be looking in a bit more detail at what can be done about the 8 million tonnes? It is quite a lot of waste.

Dr Thérèse Coffey MP: As I pointed out, we are developing a resources and waste strategy, for publication this year, which will do more on that. The trajectory continues to be that landfill is falling in this country.

As regards exports of different elements of waste, there are different reasons why operators and councils choose to send some of their waste abroad. A lot of it is to do with cost. There are huge capacities in certain other European Union Member States, which are very keen to continue to feed their incinerators. In fact, Commissioner Vella set out a paper last year expressing concerns about how at the moment too much is going to incineration, rather than higher up the waste hierarchy of recycling. That is a sensible approach; we want to see more not just being burned. It may be that most things are better burned than put into landfill, but that does not include plastics. We need to get more back in. That is why we are looking at working with BEIS on how to develop better secondary markets.

Earl of Stair: If a policy is being developed only now, it will take quite a while to get it implemented and to get something positive coming out of it.

Dr Thérèse Coffey MP: There is positive stuff on landfill. In the last seven years, the landfill percentage has gone down from over 20% to about 15%. I am confident that we will continue that downward trajectory to 10%, hopefully, by the end of the decade. That would be quicker than many other EU Member States. We are not just into, "Burn, baby, burn".

Lord Rooker: This is about a slightly different aspect of landfill and your strategy, Minister, about which you will not have been warned, I am afraid. The estimate I have seen from Eurostat is that there are 24,000 landfill sites in this country, disused and operational. There is thought to

be a huge amount of lithium down there, which we could get out.

As regards resources, what have you done to look at mining landfill sites for materials that are going to waste and which we could make great use of, as they are in short supply? I understand there is work on that at Imperial College. Belgium is doing it. The technology is available, apparently. It seems a sensible thing to look at as part of our overall idea. It is not just about cleaning up landfill sites, but about getting out the material that is in them for us to use. That has to be a good way of reusing waste. It is the ultimate recycling, in a way. Is the Department looking at any of that?

Dr Thérèse Coffey MP: I have discussed with officials giving consideration to what is in our landfill already. I have not talked specifically about lithium or other metals in that regard, so that is useful information for us to consider. I am conscious that around the country capacity can be challenging, but there is sometimes a delicate balance as regards what you open up again and the impact that can have. Marie may want to say a bit more about that.

Marie Fallon: It is true that some companies are looking at that as a possibility, because they have records of what went into landfill sites. At the moment, we have a major piece of work on closed landfill sites, looking across the country, because there are quite a number of those. We have concerns about whether they have been properly monitored since they were closed.

As the records are there, there is the opportunity both to extract products such as lithium, when the technology is right, and to make sure that the environmental consequences of that are taken into account, because you would be disturbing material that might have been in the ground for quite some time. It is an area where we are keen to continue to work with the waste companies, to explore what we can do to reuse the material that might be there.

Lord Rooker: What you say is very interesting. It is a very positive approach, as far as I am concerned. Can I suggest that you have a chat with the Institution of Engineering and Technology? In December, its journal produced 15 or 20 articles on aspects of waste, which is where I picked up the issue of landfill. It suggests using genetically modified slugs to get those materials out. It sounds grim, but we are looking at the use of resources. If it can be done safely and economically, it seems worth doing. I declare an interest, as a member of the Institution; that is how I get the magazine. It was quite a useful set of materials. You can have this copy to take away. Contact the Institution, by all means.

Dr Thérèse Coffey MP: Thank you.

The Chairman: We have never had genetically modified slugs on our agenda previously. I suspect that we could have that as a future Brexit inquiry.

Lord Rooker: There is a technical name for it.

The Chairman: I am sure there is.

Viscount Ullswater: Is there a presumption against incineration or recovering heat from waste in this country? We seem to be below a lot of European countries in the amount we incinerate.

Dr Thérèse Coffey MP: Other nations very deliberately attempt to massively boost their incineration and energy-from-waste capability. There is no presumption, but it is lower down the waste hierarchy. That is why we focus on recycling and recovery rather than the incineration approach. That is the framework in which we operate. Quite a lot of councils are sending stuff to incinerators that we believe could be recycled, because it is cheaper. That is part of our challenge.

Lord Young of Norwood Green: Having just come through the Christmas period, all of us must have encountered a wide variety of packaging and waste. I am a keen recycler, but I do not have the faintest idea what to do with anywhere between half and two-thirds of it. I do not know whether it is recyclable. It has little symbols on it, which leads you to believe that it might be. What are you doing about the source of that problem, which is getting manufacturers, product designers, et cetera to use packaging that is clearly capable of being recycled? It seems to me that, if you do not attack the source of the problem, you will not really reduce it. The mountain will continue to increase. What are your plans to look at that aspect?

Dr Thérèse Coffey MP: There are seven categories of plastic. Some are readily recyclable, which I think is the best way of saying it, but others are a bit more challenging. The industry would say that you could recycle almost any plastic if you wanted to. The things that are regularly recycled around the country are PET plastic bottles and the high-density polyethylene that is used in things such as milk bottles.

We would welcome more councils offering a wider recycling service. A lot of councils cite the issue of cost and say that it is not worth their while, because they do not get any money back for it. Part of the focus underpinning our resources and waste strategy is on how we get maximum use of resources and make it worthwhile for people to do that. That might involve a mixture of regulation on product content, in the first place, and product design, which goes back to your point, and looking at the markets for recovery.

The industry, working with our partner WRAP, is working on various kinds of things at the moment. The Co-Op is leading an industry group on how to reduce the number of polymers that are used in black packaging and other kinds of food packaging. If there is a smaller number of polymers to be recycled, it will make it easier to recover and recycle appropriately. The industry is working with us on that through our partner WRAP.

The Chairman: I gently remind members that this inquiry is primarily

about Brexit and waste. However, we spent a lot of time on the scrutiny item relating to the Circular Economy, which we will come to later, where these areas are central.

Q19 Lord Curry of Kirkharle: Can I move on to hazardous waste specifically? We currently import hazardous waste from the European Union, particularly from Ireland. As we understand it, when we leave the EU and become a third country, we will need a specific agreement with the European Union to continue to do that. Do you have plans to negotiate an agreement so that that trade can continue?

Dr Thérèse Coffey MP: The amount of waste that comes in is quite small. This is where the EU will have to change its rules to allow the export of waste from Ireland to England, if that is what Ireland wants to continue to do.

Lord Curry of Kirkharle: That sounds like an even bigger challenge.

Dr Thérèse Coffey MP: Quite possibly. The Commission has contacted us for the data relating to those exchanges of waste, which indicates that it is aware of the issue. I have spoken directly with the Irish Minister on this.

The Chairman: Can you explain what the wastes are? Obviously, they are hazardous, but can you say what the substances are, just to put it in context?

Dr Thérèse Coffey MP: It tends to be hazardous chemicals and certain kinds of pharmaceutical waste. Ireland does not have the capacity to deal with that, but England does. Chris, did you say that in Ireland they are exploring developing their own capability?

Chris Preston: Yes, but I think it is more so that England can deal with it.

Marie Fallon: They are constructing a plant at the moment. They need capacity in this country for the interim period.

Lord Curry of Kirkharle: Ireland is constructing a plant.

Dr Thérèse Coffey MP: Yes, to be able to handle it themselves. I am not aware that the volume is particularly significant.

Marie Fallon: It is a small amount.

The Chairman: Can you clarify whether there is power under the international agreements to make an agreement between states? Do the OECD rules allow that export to a third country?

Dr Thérèse Coffey MP: Yes. It was the EU, through the WSR, that imposed the extra rule.

Lord Curry of Kirkharle: You indicated that the EU is looking at this. Is it being helpful?

Dr Thérèse Coffey MP: I do not know whether it is a case of being helpful. It needs to help Ireland. We have an agreement with Greece, but Greece has never sent any waste to us. It is an issue for Ireland. The Commission is very well aware of it, and we are very happy to co-operate.

Earl of Stair: Minister, this morning you have referred several times to waste coming from Ireland to England. A considerable quantity of waste is moved from Ireland to Scotland. Are you in discussions with the Scottish Government about that and about what might happen in the future?

Dr Thérèse Coffey MP: I expect that the waste that is moving will not be affected by any changes. That is waste for recycling or for use in incineration. The particular problem that was identified relates to hazardous waste. That is the bit that cannot be exported at the moment.

Earl of Stair: I am not sure about the exact contents of the vehicles that are coming across, whether it is hazardous or just normal recycling. The question is whether there is discussion with the Scottish Government about it.

Dr Thérèse Coffey MP: I do not believe that the Scottish Government have raised it. They certainly have not raised it at ministerial level. I am not aware that it has been raised at official level.

Lord Rooker: Does the hazardous waste from Scotland not end up being dealt with in England anyway?

Dr Thérèse Coffey MP: Yes.

Lord Rooker: That is the point.

Dr Thérèse Coffey MP: The hazardous waste.

Lord Rooker: Yes. There is no capacity in Scotland, as far as I know.

Dr Thérèse Coffey MP: The capacity is in England.

The Chairman: We move to an issue slightly further afield.

Q20 **Lord Rooker:** Minister, you have talked to the Irish Minister. Have you talked to the Spanish Minister about Gibraltar? There will clearly be a problem there, as I understand that Gibraltar's waste is processed in Spain. There are quite satisfactory arrangements, but what will happen after Brexit?

Dr Thérèse Coffey MP: As I outlined earlier, the ongoing waste movements between the UK and the EU should be covered by the Basel and OECD Conventions. Gibraltar is covered under OECD membership, through the United Kingdom. We extended the Basel Convention specifically to Gibraltar in 2013, so it is covered under those two aspects, from a legislative perspective. We expect the existing control regime to continue. Frankly, if Spain cuts up rough, although it has not indicated

that it will, Gibraltar is already exploring other options for treatment and disposal internally, to improve that itself. There are other markets nearby, such as Portugal.

Lord Rooker: What happened to Gibraltar's waste before we joined the EU? What happened to it when the border was closed in the late 1970s? Do you know?

Dr Thérèse Coffey MP: I do not know.

The Chairman: I suspect that the whole world has moved on a lot since then; if only we might move backwards.

Lord Rooker: Have you been there? It is 50 years out of date with everything else.

Dr Thérèse Coffey MP: I have never been. Perhaps we should add it to our list.

Lord Rooker: I declare an interest. In the late 1970s, I went twice on holiday, when the border was closed, so I know what the situation is. It is very difficult, because it is very small.

Dr Thérèse Coffey MP: I assure you that we have considered the situation of Gibraltar very specifically. As I said, Gibraltar is exploring options. We believe that it will be okay, but, just in case, there are alternatives.

The Chairman: The issue was brought to our attention in a meeting with your officials. We were grateful to them for that. We take it that your department and officials are looking at this, but we are very aware that it is an issue, and one that may be subject to more non-tariff barriers and politics than some of the other borders and issues.

We move on to policy and the legislative framework with Lord Young.

Q21 Lord Young of Norwood Green: Is there any legislation that will need to be passed by March 2019 to allow the UK's trade in waste to continue effectively? We have touched on that a bit.

I will provide a bit of background. We have had decades when our waste management policy and legislation has been dictated by the EU, so Brexit means that we have both a challenge and an opportunity to decide on our own vision for waste management. The Committee has heard evidence that this could provide opportunities for the UK to be more ambitious, but we have also heard concerns about barriers to trade that would arise from any policy or legislative divergence between the UK and the EU. We have heard concerns that Defra may not have the capacity or capability to meet the challenge of transposing such a significant volume of regulation into UK law and to start developing policy again after years of being largely an implementer. There are a few questions there; my apologies.

Dr Thérèse Coffey MP: That is okay. The European Union (Withdrawal) Bill and subsequent secondary legislation resulting from it is what we need to bring the existing rules on to our statute book. That is all we need to do as regards legislative change.

I have discussed future direction before. At the moment, the whole recycling target is focused on the weight of elements. I believe that can lead to perverse incentives in what we tackle and approach. We have the opportunity almost to reset or reframe our approach to recycling, and to focus on resource efficiency and productivity and the circular economy in a different way from measurement that is based primarily just on the weight of what we recycle.

I am still amazed at how much of our recycling is due to grass being picked up from people's homes, and that counts towards our recycling targets. People do not feel necessarily that that kind of thing is recycling. More and more people are composting, and that does not get added to a council's target or metric. There is the opportunity to think afresh while having overall direction in maximising the use of our resources.

Lord Young of Norwood Green: You do not see that it presents any problems if there is a bit of a divergence from the EU approach.

Dr Thérèse Coffey MP: I do not think so, because the outcome is the same. The metric of weight has been used for so long and all the systems are set up to measure in that way. I am not suggesting that we would necessarily abandon it, but at the moment we are very focused on that, as opposed to the overall thing we want to achieve, which is maximising the circular economy approach of design, recovery and reuse, as opposed to thinking about weight. I would rather focus on what is intrinsic, as opposed to how much heavy glass or bottles we can have. Of course, we want to recover and reuse glass bottles, but we could focus some of our activity even more on the kind of stuff that is so light that it gets in the way of machines, or whatever, but is still very important to recover and reuse. We will say more in our strategy.

Lord Young of Norwood Green: Does Defra have the capacity to develop this?

Dr Thérèse Coffey MP: Certainly to do the translation¹ of the legislation. We have a great Deputy Director.

Lord Young of Norwood Green: That was why I thought I would take the opportunity.

Dr Thérèse Coffey MP: He heroically responds to me and the Secretary of State in our ambitions for resources and waste. We have even turned it round; it is no longer waste and resources, but resources and waste.

Q22 **Lord Krebs:** My questions follow from the lead Lord Young gave. Perhaps you could explore with us specific areas where you would like to see UK

¹ The Witness subsequently corrected this to 'transposition' in place of 'translation'.

policy diverge from the EU to take advantage of the specific UK situation; or do you think that, because you want to continue to trade, as you described earlier, we will end up mirroring EU policy and legislation for the foreseeable future?

Dr Thérèse Coffey MP: In the outcomes with the EU we share a lot of what we want to do. The Circular Economy Package is happening, and the Commissioner is producing his plastics strategy for us to discuss. We share a lot of that. It is in some of the mechanics of how you achieve it and in what gets prioritised at the moment that I see a bit of a change. We might consider how we approach end-of-waste criteria, and again it is about how more and more can be reused in a common-sense and effective way, but I do not see any massive divergence in our overall desire, which is not unique to the EU but applies more broadly around the world, to try to generate less waste, and recover and reuse as much of it as possible.

Lord Krebs: In the area we are discussing, what are the specific advantages that derive from leaving the European Union?

Dr Thérèse Coffey MP: As such, the only thing I am clearly focused on is the opportunity not to concentrate solely on the metric of the weight of recycling we recover.

Lord Krebs: In effect, that is prohibited because of EU legislation.

Dr Thérèse Coffey MP: I would not say it is prohibited; it becomes the primary outcome and motive. I am not suggesting in any way that we are somehow precluded from doing more on recycling, and that is what we are exploring in our resources and waste strategy, but the focus is still on hitting percentage weight-based targets.

Lord Krebs: Has any other country, either in or out of the EU, hit on the idea you have articulated to us that, rather than measure recycling on weight, one should do it for resource efficiency?

Dr Thérèse Coffey MP: I have not explored what is happening in other parts of the EU. I suppose I am coming from first principles. If I stand back and even go back to my corporate experience at Mars, you waste nothing and value for money is your goal. There was constant focus on what you do with every part of your inputs and outputs, including the bits that are not your primary product, which you want to reuse in some way, or that somebody else can use.

Lord Krebs: If you were to implement a change of the kind you describe in how you measure recycling, would that have an impact on the waste industry? Would it provide incentives for the development of a different kind of waste industry in this country?

Dr Thérèse Coffey MP: It is more about how we get back to the original bit about designing with the end in mind, if that makes sense, in the virtuous circular economy approach. That is the mindset change. Many leading companies and manufacturers already do that. How we get that

transition for all of UK plc should probably be the focus. I am not trying to suggest that, all of a sudden, we are about to abandon targets for reducing landfill or weight-based recycling, but we could have that as a subset and make our main focus on the step change we need, instead of generating waste that somebody else then deals with.

Lord Krebs: You just mentioned the UK. Do you envisage that post-Brexit waste policy and legislation will remain aligned in all the countries of the United Kingdom?

Dr Thérèse Coffey MP: Waste policy legislation is already devolved, although we have an overall framework within the EU. We are hopeful of having a UK framework, but already the Welsh Government are really ambitious and lead the way in a lot of recycling. Scotland has similar ambitions. I visited Northern Ireland recently. People are keen to do more, but there is a switch to focusing on the circular economy that all four nations are keen to do. There are opportunities to move further along that way, but that does not mean that we will in any way start to direct the policies of Scotland, Wales or Northern Ireland. There is genuine consensus that the approach of getting the most out of our resources is the right direction.

Lord Curry of Kirkharle: Minister, you mentioned the UK framework. How confident are you that we will have a UK framework in place before we exit next year?

Dr Thérèse Coffey MP: We are in ongoing discussions with the devolved administrations. There is no suggestion so far that the other nations do not want to take that kind of UK framework approach, recognising the internal market, but the devolution of policy and legislation is already well advanced among the four nations, and we have the wider framework. We need to make sure that we continue to comply with the UN Basel Convention and the OECD, so there is that international element that the Government will continue with on behalf of the four nations.

Chris Preston: Even though waste legislation is devolved, we already co-operate and work together on a whole range of different areas; producer responsibility regimes for packaging and end-of-life vehicles operate at a GB or UK level already. Even though it could be devolved, we already operate a UK or GB—depending on the regime—framework right now. I expect us to continue to work together on that in the future.

Marie Fallon: The regulators also work together across the five agencies on very similar issues because, as we have already identified, waste moves across borders. We work very closely together and share intelligence, policy challenges, data and information. We are clear that we work together to address any issues, in the same way as government departments work together.

Lord Curry of Kirkharle: That is very encouraging.

Lord Selkirk of Douglas: I have a question about recycling rates in

Wales, Scotland and England. What are the main reasons for the divergence between England and Scotland and Wales? Maybe it is the other way round, and Scotland and Wales are diverging from England. Is it due to geographical reasons?

The Chairman: Lord Selkirk, perhaps we can come to that in a later set of questions that will cover it. I will bring you in then.

Q23 **Lord Curry of Kirkharle:** Minister, it is very reassuring that you believe that, with the Withdrawal Bill and the fact that we have OECD back-up, the transition should be fairly smooth and frictionless. However, the industry is not as confident as you appear to be this morning. We have concerns expressed from industry about the process. Some of the questions asked this morning are of concern to the industry. That industry is living through a period of uncertainty, as is the whole of industry in Britain.

It was always clear to me that retaining the confidence of industry in this process would be one of the biggest challenges we face. The industry has plant that it has to invest in, and people are not sure whether to invest while they wait for the negotiations to complete. What are you doing to reassure the industry that there is a future for recycling and waste processing in Britain, and what steps are you taking to make sure the sector is prepared for Brexit, because, to repeat what I said earlier, it is not as confident as you are?

Dr Thérèse Coffey MP: In terms of leaving the EU, I can see no reason why there is a need for industry to consider it. There will be some back-up planning, some contingency, for different things. I expect the industry is keenly awaiting our new resources and waste strategy for our internal market as regards capacity and direction. The direction is clear: to continue to increase the amount of recycling and recovery and to have more careful management of our resources.

Lord Curry of Kirkharle: Is that enough for the industry?

Dr Thérèse Coffey MP: We have not completed our consideration of the resources and waste strategy. I have tried to give a few things here. We are carefully considering changes to the PRN system; we are working with BEIS on secondary markets for materials, recognising that it does not work as well as it should to encourage more recovery and recycling, but I am afraid people will have to wait a bit longer.

Lord Curry of Kirkharle: As we said earlier, is this not a real opportunity almost to re-energise the whole sector in our ambition to improve our recycling and demonstrate as a country that we are absolutely leading the world on this? Would it not be good if we could enthuse our industry to be really ambitious?

Dr Thérèse Coffey MP: Yes.

The Chairman: To reinforce Lord Curry's question, we know that all industry sectors have a whinge when you give them a platform,

particularly a public one, but when we held the roundtable there was serious, unified and fairly core unhappiness about general drift and an unfocused future, which clearly this paper is trying to put right. There was real concern about global differences, including the China situation. Brexit was part of that. I do not think one should brush aside Lord Curry's comments, not that I am suggesting you did; as a Committee, we felt there was a genuine issue for people there about knowing where they were going.

Lord Rooker: In that context, can I draw your attention to a remarkable speech on industrial strategy by Lord Heseltine in the Lords on Monday? He pointed out something that we picked up in our discussion with industry. We have 400 collection systems. I know that local authorities co-operate, but the fact is that we have such a diverse system that it has not enabled our industry to do what has been done in Germany to create ways of using waste economically, which is why we export so much. He made the point that for 50 years, going back to Redcliffe-Maud, we had delayed having fewer local government bodies, so that we could have a bigger piece of the action, which would help economically with an industrial strategy. Here we are. There is money in waste—money in muck—but we do not organise ourselves in a way that enables private sector industry to exploit that. It would be well worth having a look at what Lord Heseltine said on Monday evening.

Dr Thérèse Coffey MP: I will look carefully. On the slightly broader point about local authorities, we have some areas that are exemplars. We are encouraging people to work together more. What I have resisted doing so far is imposing a national regime.

Lord Rooker: Absolutely.

Dr Thérèse Coffey MP: The idea of Whitehall saying that every house or flat has to have six bins is not generally practicable. My other concern is that some of our experiences so far are that, where we have seen authorities come together, they end up with the lowest common denominator instead of the highest common factor, and that is problematic, too.

I am off to Hampshire on Friday. I am giving them a hard time at the moment. I know they do not like it, but I used to live in Hampshire, so I know some of the characters involved. I know those places and I want people to be more ambitious in improving what they offer to residents as to what they can recycle. It is not done in a sense of anger or whatever; it is because I know they can do better, and I want them to.

The Chairman: Minister, can I come back to the area of opportunity? It relates partly to the question put by Lord Krebs. You mentioned the circular economy yourself. I guess that, if we had had this meeting a year ago, one of the areas that might have been tilted at by the Government would be that the whole idea of the circular economy that the European Union seems to have got involved in would be something we could exit from without too much difficulty through Brexit. I am not saying it is the

case, but some people see the UK as having been relatively negative about the Circular Economy Package. I understand from his statements that the Secretary of State is now very keen on it. Is the circular economy an area that we are going to continue to pursue as such?

Dr Thérèse Coffey MP: Absolutely, with bolts on. I think I have told your Committee before, or in a roundtable, that I am not a fan of the phrase “circular economy”. To me, it implies zero growth, but the mindset change to having the circular economy is a huge opportunity for the growth and effectiveness for our economy. It could be a competitive advantage for us.

I want to reassure the Committee that we absolutely support a lot of the principles. We have been negotiating some of the targets and trying to make sure that we continue to have things, such as the extended producer responsibility scheme, that we think are appropriate for our country rather than there being one system for the entire European Union. That is where we have been making the case, but we have been absolutely supporting a lot of the Package full tilt.

The Chairman: That is good to hear.

Q24 **Lord Krebs:** My question builds on the discussion we have just been having about recycling and targets. Minister, we have had quite extensive correspondence in recent months with you and your officials about the European Parliament pressing for a 70% recycling target, while you have said that 60% is achievable. That does not seem to fit well with the notion that you have articulated so clearly in the past hour or so of a very high ambition for us to be a leader in recycling. There is also the point that Lord Selkirk alluded to a few minutes ago: that Wales and Scotland seem to be ahead of England in their ambition. Could you explain to us exactly where you are on recycling ambition, why you think the European Parliament target is too high and what your target is?

Dr Thérèse Coffey MP: We will say more about our targets in our resources and waste strategy. I commend Wales in particular; it has achieved a lot. Scotland and Northern Ireland are also ambitious in pressing that, and we are keen to do more. That is why I have taken a proactive approach with councils about challenging them on their low performance, but I want to understand the barriers.

To go back to Lord Selkirk’s view, I should point out that the populations of Wales and Scotland combined are lower than that of London. It is in some of our huge urban centres, in particular where there are dwellings that are blocks of flats and highly transient populations, that we continue to have our biggest challenges. The recycling rate in Newham got worse in the last year; it is now below 15%. Other councils have had different changes. More people are composting at home, so some councils are starting to see their rates go down a little as well. There are all sorts of different reasons why this is happening.

I do not want to reveal our entire resources and waste strategy, because we are still working on it, but we are ambitious to make it as straightforward as possible for people to be able to recycle what they have in their homes and businesses—this is not just about householders—and for councils to make that happen.

Lord Krebs: What happens in, say, Holland or Germany where a lot of people live in high-rise blocks in large cities such as Cologne or Munich? How do they deal with it? I know they are not as large as London, but they are still high-density areas.

Dr Thérèse Coffey MP: It varies. Chris has done quite a lot of work on this. For flats and apartments, Italy is thought to be the best, for example in Milan. However, the Italians have almost a caretaker system, so there is a different approach. Do you want to say a bit more on that, Chris?

Chris Preston: It can be very country-specific. Milan uses 'pay as you throw'. People pay a reduced amount for recycling, but they pay individually for residual waste. That is not a system that we would operate in the UK. Ireland has moved to pay as you throw.

Dr Thérèse Coffey MP: In rural areas, but in urban areas they have not gone ahead with it.

Chris Preston: The councils still collect. There is a range of different policy measures that you could use to drive higher recycling rates. We have seen that they can be quite successful. Wales has had consistent year-on-year increases; it has a really well-established kerbside recycling system, as in England, Scotland and Northern Ireland. It is about looking at best practice around the UK and seeing what we can learn from other countries as well.

Lord Krebs: If there is a practice that works well in Milan, why do you rule it out for the UK?

Dr Thérèse Coffey MP: The idea of moving to pay by weight would be genuinely unpopular politically. We need to think through the rationale. It would be a massive change in this country. At the moment, the only two things the majority of householders use when they pay their council tax are roads and bins. The idea that that suddenly shifts would be a quite significant change. At the moment, I do not want to say what is in or out of the strategy, but I have not seen that as a running contender.

The Chairman: When can we expect the strategy, Minister?

Dr Thérèse Coffey MP: We are aiming for the first half of this year.

The Chairman: September-ish.

Chris Preston: That is summer, is it not?

Dr Thérèse Coffey MP: It is still summer, yes. Before the equinox.

Lord Selkirk of Douglas: Do you foresee that the reduction of plastic wastes to a smaller number, and helping recycling firms to do that, will be a difficult process?

Dr Thérèse Coffey MP: At the moment, the majority of councils collect two kinds of plastic recyclates. Not all of them collect the third one, polypropylene—the bits used for yoghurt pots and things like that. I would love to see more, if not all, councils doing that. It is straightforward to do. It tends to be about the technology employed in their recycling centres and whether or not they are prepared to invest in that. Many parts of the country do it already. When we were outside, we discussed one particular council that still does not want to collect plastic bottles at all and we considered what we are going to do about that particular council.

Lord Rooker: Which one?

Dr Thérèse Coffey MP: Rotherham. Copeland is changing. The Isles of Scilly do not do it either, but soon Rotherham will be the only council not doing it, and we need them to make that change.

The Chairman: Minister, I am sure we welcome your enthusiasm, but we pursued correspondence on the disposal area for such a time because, certainly at the beginning of the correspondence on the scrutiny item, the tone of the correspondence from you or your office was pretty unambitious; it was, "It's all too difficult. Scotland and Wales have got it easy and it is a lot tougher here in England".

Dr Thérèse Coffey MP: The recycling rate in Scotland is not higher than in England.

The Chairman: The tone was very much that way. As a Committee we were very concerned about that, hence the prolonged correspondence. We have another bit of that later in this meeting, which is a lot more positive in tone. It was of serious concern to the Committee, but I am sure we were all very pleased to hear what you said today.

Dr Thérèse Coffey MP: I think I am right in saying that in England we still have a higher recycling rate than Scotland. It is Wales that is really leading the pack. I am not trying to decry the ambitions in Scotland.

The Chairman: That may be. This is about targets, and that is a fair point to make if that is the case.

Dr Thérèse Coffey MP: I am not decrying the ambitions; I know Roseanna is very keen to make significant improvements. We are too, but I want to be realistic about how we approach it and recognise the challenges we face.

Q25 **The Chairman:** Fine. I felt I should make that clear. Marie Fallon, I am aware that you have spoken, but we have not given you a great opportunity to contribute. Before we close the session, is there anything you would particularly like to add from your expertise and knowledge in

this area?

Marie Fallon: We obviously work closely with the sectors. We work very closely with the Environmental Services Association and other trade bodies to ensure that we understand some of their concerns. We use the information and expertise of our officers on the ground as regards what is happening in the markets—for example, some of the changes in China we have been talking about. We have been very proactive with our staff to make sure they give the right advice to operators.

We work with major companies to understand the pressures they face and what we can do to help them. We take a very proactive approach to advice and guidance where it is appropriate. Where it is not appropriate, we intervene and use a lot of intelligence to try to understand where the problems are occurring. It is very much a mixed approach in order to understand the challenges and make sure that our teams are well experienced and that we can work with them.

We work closely with Chris's team. If there are legislative changes, or if guidance needs to change, we work closely together to bring them in. For example, we recently brought in changes whereby we can seize vehicles from operators who are using them inappropriately. That has had a dramatic effect and is much more impactful than, say, taking them to court.

The Chairman: What is the inappropriate use?

Marie Fallon: They are carrying illegal waste. Rather than taking them to court, which takes a long time, and sometimes the fines are quite small, those interventions can have a much greater impact.

We are working on technology, using SmartWater to track waste. We work internationally to try to disrupt some of the cases that occur and tackle them. It is very much a two-pronged approach to make sure that we are dealing with the issues. We are supportive of the work on the new strategy. We support the team in Defra on that, so that the experience on the ground of officers who deal with it day to day has an impact on the strategy going forward.

Q26 **Lord Krebs:** One of the things we heard in our roundtable with industry and others was the very big difference in packaging industry compliance costs under packaging regulations. In the UK, the industry pays £15 per tonne; in Austria and Germany, it is more like £115 per tonne. The point was made to us that the additional resources could help local authorities to improve their policies and implementation to deal with waste. Is that something to which you have given any thought?

Dr Thérèse Coffey MP: Yes, we have. It was Lord Deben, when he was Secretary of State for the Environment, who introduced the market-based approach. It has been effective. We exceed EU targets on the recycling of packaging in regard to specific waste streams of plastics and so on. It has worked at lower cost to UK industry. We are considering changes to the PRN approach, but that work is still under consideration.

Lord Selkirk of Douglas: Are there a number of Government research programmes currently in operation to try to discover where we are most successful and prevent things going wrong?

Dr Thérèse Coffey MP: We have a particular focus with BEIS on plastics potentially. Do you want to add more, Chris?

Chris Preston: We made a commitment in the Litter Strategy published last year to look at more biodegradable plastics, and at how to create standards for biodegradable bags that will help in dealing with waste and resources. Obviously, it has to be the right standard and one that can be internationally recognised and does not lead to unintended consequences. That is a really important piece of work.

Marie Fallon: We participate in a European network of environmental organisations where we do common work across Europe on particular techniques or issues. That helps us inform our policy work in supporting colleagues in Defra. It is trying very much to ensure that we take best practice and collaborate across Europe, and that is something we want to continue to do as an agency as we move forward.

The Chairman: You see yourselves as still able to participate in that post-Brexit.

Marie Fallon: Yes. I was in Estonia a couple of weeks ago, and was very much welcomed by the network. It wants us to continue to participate. We make a great contribution at the moment and our colleagues in the network do not want to see that decline. Obviously, we learn a lot from colleagues across Europe and want to continue to do so even after Brexit.

The Chairman: I am sorry to pursue this, but it interests us in relation to other areas that we have looked at. At the moment, are there non-EU or non-EEA observers or participants in that network?

Marie Fallon: There are. The network has grown over the 50 years it has been in existence. Over that time, it has expanded to take in a number of different organisations within and outside Europe, so it is not just European nations that are part of the network.

The Chairman: Minister, you mentioned Lord Deben. As an MP you are his successor, are you not?

Dr Thérèse Coffey MP: Constituency-wise, yes.

The Chairman: He too has a strong environmental track record.

Dr Thérèse Coffey MP: He does, and he continues to be very active, particularly in the whole packaging and waste area.

The Chairman: I thank Chris Preston, Marie Fallon and the Minister for going through this with us. It has been a most useful meeting. We are encouraged by your ambition, and by the fact that you see very few barriers in this area. We certainly hope you are right. From our previous

work, we can see that the bigger challenges may be even further to the east than the EU 27. Thank you very much indeed.