



Environment and Rural Development Committee

26th Meeting, 2005

Wednesday 26 October 2005

The Committee will meet at 10.15 am in Committee Room 4

1. **Item in private:** The Committee will decide whether to consider item 4 in private.
2. **Environmental Levy on Plastic Bags (Scotland) Bill:** The Committee will take evidence at Stage 1 from—

Panel 1

Barry Turner, Chairman, Carrier Bag Consortium;

Jim Pringle, Sales Manager, Mackinnon and Hay Ltd;

John Langlands, Chief Executive, British Polythene Industries plc;

Neil Young, Managing Director, Simpac Ltd;

Panel 2

Michael Longstaffe, Managing Director, Smith Anderson Packaging Ltd;

Michael Stephen, Legislative Affairs Adviser to the Board, Symphony Plastic Technologies plc; and

Karen Mackenzie, Director, BioBags (Scotland) Ltd.

3. **Budget process 2006-2007:** The Committee will take evidence on the Executive's Draft Budget 2006-07 from—

Ross Finnie MSP, Minister for Environment and Rural Development.

4. **Animal Health and Welfare (Scotland) Bill:** The Committee will consider its approach to the Bill, should the Bill be referred to it as lead committee at Stage 1.

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Clerk to the Committee
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The following papers are attached:

<u>Agenda Item 2</u>	
Briefing paper (<i>for members only</i>)	ERD/S2/05/26/2a
Submission from the Carrier Bag Consortium	ERD/S2/05/26/2b
Submission from Mackinnon and Hay Ltd	ERD/S2/05/26/2c
Submission from British Polythene Industries plc	ERD/S2/05/26/2d
Submission from Simpac Ltd	ERD/S2/05/26/2e
Submission from Smith Anderson Packaging Ltd	ERD/S2/05/26/2f
Submission from Symphony Plastic Technologies plc	ERD/S2/05/26/2g
Submission from BioBags (Scotland) Ltd	ERD/S2/05/26/2h
<u>Agenda Item 3</u>	
Finance Committee Guidance to Subject Committees	ERD/S2/05/26/3a
SPICe briefing paper	ERD/S2/05/26/3b
Briefing from the Scottish Executive	ERD/S2/05/26/3c
Briefing paper (<i>for members only</i>)	ERD/S2/05/26/3d
<i>Members may also wish to consult the following documents:</i>	
Scottish Executive Draft Budget 2006-07	
Scottish Executive Efficiency Technical Notes: Sept 2005	
<u>Agenda Item 4</u>	
Briefing paper (<i>for members only</i>)	ERD/S2/05/26/4a

SUBMISSION FROM THE CARRIER BAG CONSORTIUM

Evidence regarding Mike Pringle bill re Environmental Levy on Plastic bags.

The CBC represents all the major suppliers and manufactures of plastic bags, and includes in its members suppliers of paper carrier bags as well. It is a responsible industry with strong environmental credentials. Its members comply with all environmental statutory and regulatory requirements and fully accept and discharge its producer responsibilities under The EU Packaging and Packaging Waste Directive.

CBC was formed to promote the true facts over environmental misconceptions about our industry and its products. It is fully funded by its members and wholly supported by its employees.

CBC membership was dismayed to that such Bill as that proposed has advanced to Committee stage in view of the **clear, third party endorsed, negative environmental impacts** it will bring.

The CBC wishes to make it clear that **this Bill would discriminate in favour of products that can be proved to generate more waste and cause more damage to the Scottish environment.** The Bill would unfairly penalise a product which provides exceptional use and re-use yet requires minimum resources and generates so little waste (accounting for less than 1% of all litter and 0.3 % of landfill).

The Bill further penalises a product that has outstanding environmental credentials and which, by improvement in polymer technology and engineering, has resulted in the gauge and weight of bags in use today having been reduced by a staggering 70% over the last 20 years – an achievement un-matched by any other material.

Furthermore, the plastic carrier bag, according to DEFRA research, is re-used in 80% of households. **No other so-called “disposable” product has such high levels of re-use.** This has directly resulted from initiatives by our industry and retail customers to carry strong re-use and recycle messaging on all bags over many years. Any Environment Bill should therefore target other priorities that account for so much more waste and litter

The bill sets out three objectives namely

1. Protect the environment
2. Assist local authorities toward meeting waste plan targets
3. Raise awareness

We believe it fails to achieve any of these objectives for the following reasons.

1. There is unequivocal evidence that when a similar levy was introduced in Ireland there was a marked increase in consumption of other plastic bags that were exempt namely refuse sacks, bin liners, nappy sacks and bags used for dog droppings. This increase was due to the fact that, as previously stated, 80% of households plastic carriers were reused for these uses. In addition in clothing and general stores there was an almost overnight switch to the heavier and much more voluminous paper bags. In addition in-store packaging of goods has increased coincident with less loose product being sold. Some stores have even starting selling plastic carrier bags which are then unpacked and used at the checkout. The result can only be that the overall amount of waste generated will have increased both in volume and weight. This is confirmed by the expert **AEAT report which indicates that the NET increase in weight of waste that will be generated will be 5,409 tonnes and that is based on the very conservative estimate that 30% of consumers will use no bags at all for their shopping! Moreover, this report bases its calculations on a specification of paper bag that is not of the type currently in use in Ireland but instead is 50 % lighter and could not therefore have the strength to carry the equivalent weight of shopping of the plastic bag it is intended to replace.** If more realistic assumptions are used the increase in tonnage is likely to be around 19,500 and the increase in volume to be moved on Scotland's roads is likely to equate to 179,000 cubic metres. This will have a seriously damaging effect on Scotland's environment especially when combined with the extra lorry journeys necessary to get this extra volume of material to the high street fashion retailers and from domestic refuse into landfill.
2. For these reasons, the Bill as proposed will not protect the environment nor will it help local authorities to meet waste plan targets. Instead, **it will result in more heavy lorries congesting Scotland's already busy city centres and trunk roads.**
3. As well as creating more waste to be recycled or disposed of, **the Bill cannot generate funds for local environmental projects.** If, as is accepted, the Irish Bill reduced plastic carrier bag use by 95%, then Scotland's 700 million annual plastic bags will reduce to 35 million each generating 10 pence. This will result in £3.5million – exactly the estimated cost of annual administration. This leaves the taxpayer with the burden of shouldering the set up costs and education campaign, which are currently very conservatively forecast at £3-4m.
4. In our many discussions, we believe that the Bill's proposer has largely conceded these points and is now left with the claim that it will at least raise environmental awareness amongst Scotland's citizens. Yet because it targets a product that uses least resources in its manufacture, is re-used by 80% of households and collected by

supermarkets for recycling, this tax is likely to send the very opposite signal about products which have far more serious environmental impacts – such as cigarette litter, chewing gum, fast-food packaging and junk mail.

5. We would point out that our industry has a very strong track record in recycling. A Scottish company – BPI PLC was a significant pioneer in developing recycling technologies for plastic films. Across the UK, we recycle some 300,000 tonnes of our products per annum. We would also point out that unlike paper, plastic can be recycled and used an infinite number of times and its calorific value can be returned through energy from waste incineration. In landfill plastic remains inert and does not emit greenhouse gases. Thus it is fully compliant with the EU Landfill Directive, which places legal obligations on local authorities for a targeted reduction of degradable materials going to landfill. **This Bill will have the reverse effect, as concluded by the Scottish Executive Evidence. Paper and wood pulp derived products can be recycled but only a limited number of times. Each recycling process results in loss of strength and performance, limiting their secondary use. Moreover, when finally confined to landfill, these products run the dangerous risk of degrading to give off dangerous greenhouse gases – our single most serious global environmental problem and a major contributor to global warming.**
6. Levies and taxes rarely achieve the effect of changing public behaviour. This has been recognised **in Ireland where the Environment Minister has decided that instead of rolling out further punitive measures such as the plastic bag tax, it is more effective to engage the retailers and the producers of packaging materials to bring about a reduction in waste and litter via a voluntary approach.** This approach is in common with other European countries and must surely reflect the concerns that have been voiced and the lessons learnt especially in Ireland.
7. **In three years since the Irish tax, no evidence to support overall waste or litter reduction has been forthcoming.** It is also clear that many UK-based stores with branches in Ireland have switched to heavier weight and more voluminous paper alternatives to evade the tax but with dire environmental impacts. These include many well known high street names all of which now require up to 10 times as many shipments to get the requisite number of paper carriers to their stores.
8. The bill is clearly discriminatory as it has no provable environmental advantages and sets out to deliberately distort product choice. As such **it will be seen as in direct contravention of EU Competition Law and, if it goes forward, our industry will ensure it is challenged.**

9. **The bill will lead to job losses and company closures or relocations** in our industry affecting between 300 and 700 jobs and families. In related industries, or in businesses which have significant bag sales as part of a wider mix, the figure of job losses in Scotland may rise to 1,000.

In summary, the imposition of such a punitive 1400 % tax will:

1. **Increase the amount of waste generated in Scotland significantly.**
2. **Put more traffic on Scotland's already busy city centre roads.**
3. **Cost consumers at least £10 for each and every single family member for no environmental gain.**
4. **Burden the Scottish economy with an extra £54m of cost to which needs to be added the unemployment benefit to the employees in industry likely to be effected by this legislation - at a time when the world economy is slowing.**
5. **Bearing no decrease in litter especially as studies in Ireland have indicated that proportionally more paper carrier bag waste now exists.**
6. **Discriminate against a product that has strong environmental credentials due to its very low life-cycle impacts, its strong reuse, recovery and recycling potential and the fact that it is lightweight, highly functional and extremely fit for purpose.**

For all the above reasons I would urge the committee to reject this ill-advised Bill outright and encourage a full and formal study of the main causes of waste and litter in our environment as an urgent priority. This would then allow robust national policy be drafted on the basis of real priorities and to achieve maximum positive results within minimum administrative burden.

CBC and its Scottish members urge the Environment Committee to uphold the strongest traditions of democracy by accepting the compelling environmental evidence against the effectiveness of this proposed Bill and rejecting it outright.

Agenda Item 2

**Environment and Rural
Development Committee**

26 October 2005
ERD/S2/05/26/2c

SUBMISSION FROM MACKINNON AND HAY LTD

Environmental Levy Bill – tax on polythene bags

We manufacture approximately 4 million carrier bags a year, which we sell to retail Scottish Companies. As our print runs start from only 2,000 we sell to a number of small shops who state that carrier bags provide them with their only form of publicity and it also makes them appear more professional. However, they will not register for the levy, as it will be too time consuming and will consequently cease to trade with us. Please bear in mind that many of our customers are sole traders and are struggling already as a result of the downturn in the retail sector. As a result of the publicity that this proposal has been given, we have already lost an important customer who has decided to change to paper carrier bags. I have discussed this issue with most of our customers and they are of the opinion that it will be too much trouble to carry on supplying carrier bags. Which will obviously be what the bill intended to achieve but will put Mackinnon & Hay Ltd out of business. Our existing machinery would lose all re-sale value and would in all probability be sold for scrap. The asset value of our plant at present is around £500,000. We would also be looking at making 6 long serving employees redundant. Payments and costs would amount to approximately £150,000.

The effect of this tax would be catastrophic on what remains of Scotland's packaging industries and result in factory closures and hundreds of redundancies. In addition to carrier bag suppliers and distributors, these will come in Scottish based supply industries such as ink manufacturers, plate makers, film extruders, haulage companies, pallet makers, etc. UK carrier bag manufacturers are already faced with a dwindling market and huge raw material cost rises resulting from high oil prices and a shortage of recycled film. It is ironic that there is a shortage of recycled polythene in the UK as most councils do not want polythene put into their recycle bins.

We are particularly disappointed that Mike Pringle MSP has not made distinctions in his proposal between the different types of polythene. From discussions with him, it is obvious that he has targeted the High Density Carrier Bags, which are mass-produced in the Far East for supermarkets. We have explained that our bags are made from low-density polythene, which contain a high percentage of recycled material in its composition. Consequently, our bags are much more robust than "supermarket" bags and can survive many trips carrying substantial loads. Mike Pringle acknowledges that 80% of polythene carrier bags are re-used and we have seen bags that we have manufactured for James Grays and James Thins being used by their customers for many years.

Research by the Federation of Small Businesses in Scotland shows that the Bill would actually increase the weight of waste sent to landfill each year as

consumers switch to paper bags. Not only would the Bill create more landfill, it will result in more pollution and greenhouse gas emissions as a consequence of greater manufacture of paper bags and the increasing quantities of these breaking down in landfill sites. It is also likely that the amount of bin liners going into landfill would increase similar to the 77% increase in Ireland after a bag tax was introduced. Paper is six times the weight of polythene and takes up 10 times the space and is therefore far more expensive in terms of transportation, handling and storage, thus causing more damage to the environment. The recycling process is far more costly and environmentally unfriendly and there is absolutely no evidence that it biodegrades quickly. Indeed, test bores taken from landfill sites in the USA have revealed that newspapers from the 1920's can still be read. The cost of paper carrier bags are also generally about 10 times higher than polythene carrier bags and are less likely to be re-used. The increased expenditure of retailers on paper bags would also negate the potential benefit of any savings made as a result of a reduction in expenditure on plastic bags.

The Scottish Parliament should be aware of the reduction in the manufacturing sector and we hope would be unwilling to further damage industry with unnecessary legislation.

SUBMISSION FROM BRITISH POLYTHENE INDUSTRIES PLC

Ref: An Environmental Levy Bill – Consultation Document (Plastic Carrier Bags)

We write in response to your request for comments on the above proposed Bill. We are the UK's largest manufacturer of polythene film products as well as the UK's largest recycler of polythene waste. We have grown this business from a Scottish base to become Europe's largest manufacturer of polythene film products with operations in Scotland, England, Wales, Eire, Belgium, Holland, France and China. Within our industry we are at the forefront of providing environmentally-responsible products and initiatives which have worked over many years to minimise the impact of our products and our customers' products on the environment. Our comments below are motivated not by any special interest as a polythene manufacturer. Indeed we as a company would benefit from the introduction of such a levy as we sell more bin-liners in Scotland than we do carrier bags. Our objections to the proposed Bill are that it will actually have a negative overall impact on the environment, that its reasoning is based on non-scientific, anecdotal and weak environmental arguments, and that it is an entirely disproportionate response to an issue of much lesser magnitude than suggested which will create an unnecessary and costly burden on businesses, local authorities and consumers for no real gain.

Summary

The 3 key stated objectives of the Bill are to protect the environment, assist local authorities towards meeting the Scottish National Waste Plan targets and to raise national awareness about recycling and litter. There is sufficient evidence within the public domain to show that the Bill will not only fail on the first two counts but would actually make matters significantly worse and there is no evidence provided in the Policy Memorandum to demonstrate that it will have any real impact in dealing with the third.

We believe that the implementation of this Bill as proposed will result in:

- Increased waste generated in Scotland of 5,409 tonnes per year
- Almost 9,000 tonnes more biodegradable municipal waste entering landfill every year
- Eight times as many vehicles transporting new and used carrier bags on Scotland's roads
- No meaningful impact on litter levels
- Increased costs for Scottish local authorities, businesses and consumers
- Disproportionate financial and practical impact on the poorest members of the community
- Job losses in and closure of Scottish companies

- Legislation not compatible with EU law
- Increased regulation

Environmental Impact of the proposed Bill

The recent AEA Technology Environment “Extended Impact Assessment” estimates the volume of lightweight plastic carrier bags supplied in Scotland as 775 million per annum. Using the Irish levy as an example it predicts a reduction of 90% or 698 million following the introduction of this Bill. Again using the Irish example, which the Bill’s proponents are themselves keen to cite, the AEA report estimates that the introduction of the Bill would result in an increased consumption per year of 15 million heavyweight carrier bags, of 90 million plastic bin-liners and of 174 million single use paper carrier bags. On the basis of these calculations the AEA report predicts the introduction of the Bill as proposed would result in a **net increase** in waste generated in Scotland of 5,409 tonnes per year of which there would be **net increase** in waste disposed to landfill of 4,122 tonnes per year.

A number of studies (Franklin Associates 1990, Ecobilan Carrefour LCA 2004) have compared paper bags and lightweight plastic carrier bags and shown that for the same quantity of bags paper uses **6 times** as much **raw material**, requires **3 times** as much **energy** to manufacture, is **6 times heavier**, occupies **10 times the volume of space** in warehousing or landfill and therefore requires **10 times** as many **vehicles** to transport it as well as creating 90% more greenhouse gas emissions, 80% more nitrogen oxide and sulphur dioxide emissions and 12 times the level of eutrophication. In simple terms this means that even a modest substitution of plastic with paper, as the AEA report predicts would happen were the proposed bill to be implemented, would result in **8,893 tonnes more paper waste in landfill** occupying a volume nearly twice that currently resulting from plastic carrier bags. Given that two of the Bill’s three key objectives are to protect the environment and to assist local authorities towards meeting the Scottish National Waste Plan, one of the key aims of which is to meet the targets set by the EU Landfill Directive by **reducing** the levels of **biodegradable** municipal waste in Scottish landfill by 300,000 tonnes in 2006, the proposed Bill will not fail on both counts but actually hinder progress towards these objectives.

Substitution by paper will occur in the fashion and clothing sectors and this will result in increased lorry journeys on Scotland’s roads, particularly in the more congested central belt areas including the city centres of Edinburgh and Glasgow resulting in increased emissions and fuel consumption.

There is an argument that a substitution of plastic bags with paper is acceptable because paper is more easily recyclable than plastic. Even ignoring the reasons cited above why such a move would have a strongly negative environmental impact, it is not the case that paper is more recyclable than plastic. Plastic carrier bags are manufactured from either HDPE or LDPE and as such are recyclable over and over again with very little degradation. Indeed, along with a number of major retailers, we operate a number of front-of-store schemes where customers bring back their used carrier bags and these are recycled into a range of different products including bin liners and building films. We have won a number of awards for these initiatives; including a scheme we operate where these bags are turned into 100%

recycled plastic wood-substitute *Plaswood* benches. These are manufactured at our recycling plant in Dumfries and we supply substantial volumes of this product as street furniture and road signs to a large number of Scottish local authorities. This is a far more visible way of raising awareness of recycling issues than restricting the amount of carrier bags a consumer can use at the checkout. Recycling levels of plastic in the domestic waste stream have also increased substantially in recent years and in 2004 41,000 tonnes, or 11% of all plastic bottles entering the waste stream were recycled. By the same token it is a misconception that much larger proportions of paper and card are recycled. In fact the majority of the 2.5M tonnes of paper and card recycled in 2004 came from the commercial/ industrial waste stream. Only 18% of paper and card entering the municipal waste stream last year was recycled. Therefore there are no good grounds for suggesting that increased use of paper carrier bags would have a lesser environmental impact because once used they could all be recycled. In practice only a small percentage would be recycled and the vast majority would still end up in the waste stream. This fact was also acknowledged in the AEA report.

Given that there are strong environmental arguments not to substitute plastic with paper as alternative approach might be to tax paper, along with plastic, carrier bags although it should be noted that this is specifically not proposed by the Bill which does envisage paper substitution. Indeed not to tax all carrier bags is discriminatory against plastic bags, especially given that they actually have a far lesser environmental impact than paper equivalents.

It should also be noted that not to do so runs entirely counter to EU environmental legislation, such as the EU Packaging Waste Directive on Packaging and Packaging Waste (2004/12/EC) which states that the interpretation of it by Member States in law must avoid "discrimination...and distortions of competition".

The AEA report states that only if the proposed Bill taxed **all** carrier bags would it actually achieve any reductions in waste levels. However this too must be placed in its proper environmental context. If all carrier bags were to be taxed and the anticipated 90% reduction in plastic carrier bag usage were realised, without a net gain in paper bags to offset the benefit, there would be a reduction of 3,484 tonnes per year of polythene used in Scotland. There are 2.14 million households in Scotland so this is equivalent to saving 1.6 kgs/household. The average household in the UK produces 1,250 kgs of waste per year so this represents a reduction of 0.13% of the domestic dustbin. It consumes a volume of oil equivalent to less than 2 litres of fuel per household. Whilst we support any behaviour change which results in resource minimisation and environmental benefit one must question the logic of legislating for a change which at best (assuming the implementation of a levy on **all** carrier bags which is **not** currently proposed) will have such an insignificant impact on waste levels and resources. One could produce a bigger impact if each household were to avoid buying one Sunday newspaper per year, to drive 1.3 miles less per month or to switch off a 100 watt light bulb for 45 minutes/day.

Furthermore the Policy Memorandum refers to plastic carrier bags as being manufactured from oil which is a "non-renewable resource". Our industry is entirely in favour of measures which minimise waste and encourage recycling. Indeed we have actively promoted developments which have

increasingly reduced the thickness and weight of bags over the years to the extent that carrier bags are now one third of the weight they were 30 years ago.

However it must be noted that ethylene, from which we manufacture our product, is a by-product of the process by which oil is refined into fuel. It is the demand for fuel which consumes the non-renewable resource of oil. Reductions in the global demand for polyethylene will therefore have absolutely no impact in the amount of oil which is pumped out of the ground.

One final question arises, were the introduction of a levy on all carrier bags to be considered, is what do the proponents of the Bill suggest shoppers should do with their shopping? The Policy Memorandum contends that “plastic bags are simply “add-on” packaging that has no essential purpose”. It also makes the point that retailers will save £4.5 million were the Bill to be implemented. It seems a bizarre situation that some of the most profitable businesses in the Scotland should currently be spending close to £5 million per annum on something which has “no essential purpose”. Carrier bags exist because customers need them and the lightweight plastic carrier bag is the lowest cost and most environmentally-sound way of providing them. On this issue, the Policy Memorandum notes that the levy “could affect those on a low income **slightly more** than it does other groups”. We would contend that those on low income will be affected **considerably more** than other groups because it is **precisely** this group which relies on this convenient method to get their shopping home. Under the proposed Bill they will be faced with having to buy a more expensive bag-for-life or to pay the tax. They will not be able to avoid it in the same way as someone who can discharge their groceries from the trolley into their car.

Raising Awareness

The third stated key objective of the Bill is to raise awareness of environmental issues and litter. We have shown above that we, along with a number of other independent analysts, believe the proposed Bill will actually damage the environment rather than improving it. Were it to succeed we would have no hesitation in raising public awareness of that fact. Public awareness is not a quantifiable objective and legislating in a negative way (by suggesting erroneously that certain products are “damaging to the environment”) is not the way to win public support for the very positive developments which have been taking place within our industry.

Organisations such as WRAP, Valpak, the BPF, PIFA, along with individual companies such as our own, spend millions of pounds every year on public awareness, educational initiatives and recycling campaigns such as The Big Recycle, Recycle More, Rethink Rubbish etc. From a base of around 80,000 tonnes in 1998 the UK is now recycling 400,000 tonnes per year of plastic packaging waste. Recycling of plastic specifically from the domestic waste stream has increased more than fourfold since 1998 to 41,000 tonnes. The very limited funds the Policy Memorandum suggests would be available for a publicity campaign pale into insignificance against those already spent by UK government and industry.

Furthermore the suggestion that the introduction of a levy will make consumers recycle more of their waste is weak, unsubstantiated and lacks credibility. It is recycling bins for carrier bags outside supermarkets, bring

banks and kerbside collection schemes which make consumers recycle, not having to pay a 10p tax for a plastic bag to carry their shopping home.

In terms of litter, the Policy Memorandum can offer no evidence or reliable data to support its claims on litter levels. What data is available elsewhere (Tidy Britain Group, ENCAMS) suggests that carrier bags represent less than 1% of UK litter. We support any initiatives that would actually reduce the amount of litter on British streets but cannot see how the introduction of a levy on carrier bags, which does nothing about the major culprits of litter such as cigarette, chewing gum and “food on the go” waste, can have any meaningful impact on a social problem.

Economic Issues

The Policy Memorandum is particularly weak on supporting its case economically. It claims the Bill’s economic impact would be “broadly neutral”. However there are a number of areas where it has substantially miscalculated the financial effects and one of the biggest losers will be the local authorities it purports to assist.

Firstly it cites the Irish levy as an example of how the Bill could be introduced with minimal bureaucracy. However the Bill as proposed differs fundamentally from the Irish law in a crucial respect. In Ireland the levy is administered and collected centrally but this Bill proposes each of the 32 local authorities in Scotland must administer their own systems. For retailers to have to register with every local authority in which they supply carrier bags provides an enormous administrative burden to both the retailer and the local authority. Furthermore any punitive taxation such as the one proposed is only as effective as the ability of the regulators to enforce it as even reputable and law-abiding businesses will not support such a regime if its enforcement is weak and allows free-riders. The Irish Government spends some €4-5M per year enforcing a small part of its environmental packaging legislation so the suggestion that simply adding a member of staff at £15,800pa to each local authority will deal with the problem of enforcing the recovery of a levy from hundreds, if not thousands, of businesses is simply not credible.

It is therefore not surprising that a number of Scottish local authorities raised concerns in the first consultation about the cost and practicalities of administering and enforcing the levy.

Secondly the Policy Memorandum cites landfill costs as an opportunity for local authorities to save money. In fact quite the reverse is the case. As demonstrated by the AEA report the consequence of this Bill would be to increase volumes of waste going to landfill.

The Policy Memorandum cites a potential saving for the city of Edinburgh of £19,204 per year whereas in reality that authority would be landfilling twice as much weight in carrier bags as it does today thereby increasing its costs by £20K per annum. This does not include the additional cost every local authority will have to bear of collecting from individual households its share of the additional 5,409 tonnes of waste and recycle that will be generated by the implementation of this Bill. This is likely to run to close to £1M across Scotland as a whole.

The AEA report has also demonstrated that consumers will ultimately stand the cost of this levy at the rate of £10.58/person/year. Again this refutes the suggestion of the Policy Memorandum that the poorer sections of the community will be only slightly more affected than other groups. For those on low income an additional cost of £10.58 per year for the supposed objective of raising awareness about environmental issues and litter is a disproportionately steep price to pay.

Finally there is the financial affect on employment and Scottish business. The Policy Memorandum cites an example of a **single** Irish firm which managed to diversify following the implementation of the levy in Ireland. This is hardly a representative sample. Diversification for companies manufacturing plastic carrier bags is not straightforward. The equipment used to manufacture carrier bags is capital intensive and specific so any attempts to diversify require significant operational change and are expensive. If companies do diversify there is a further impact in that they potentially manufacture other polythene products for which there is already an over-capacity in the market and this, in turn, can lead to job losses and factory closures in sectors not currently involved in the manufacture of carrier bags.

Regulation

The proposed Bill will bring in more unnecessary legislation and red tape resulting in increased costs to business. It will particularly impact on many small businesses that already face competitive trading conditions and long working hours to ensure compliance with government legislation. This legislation will become an additional cost and administrative burden on Scottish business at the very time both Westminster and the Scottish Executive are trying to reduce burdens on business.

Impact on Bpi

Bpi currently has four manufacturing plants in Scotland as well as our Head Office at Greenock, employing in total close to 400 people. As a Scottish head quartered business, we have invested heavily in our Scottish plants to safeguard their future by introducing new products and equipment despite our other UK plants being closer to our markets. We have invested in excess of £3.5 million in the last 12 months. We have enjoyed the support of the Scottish Office and Scottish Executive over many years and will gratefully acknowledge the assistance we have received at our Ardeer and Dumfries facilities. We are a Scottish head quartered business who have developed an international business from Scotland and are regarded as the leading European polythene film producer. Due to our head office functions, we contribute significantly to the service sector and will spend in excess of £2 million per annum with our Scottish advisers for legal, audit, pensions, insurance and advisory work. Most of our 30,000 tonnes of finished product is exported from Scotland and we spend in excess of £1 million per annum on transport.

Our gross employment costs in Scotland are in excess of £10 million. While we appreciate that many other businesses have greater impacts on the Scottish economy, ours is not insignificant. It, therefore, saddens us to see our industry singled out and attacked for misguided environmental claims. Our business naturally gravitates towards England where we have our main markets, our largest plants and employ nearly 2000 people. We will find it

difficult to maintain our head office in a country which is prepared to introduce such poorly conceived anti plastic legislation and it will become difficult to resist the move southwards for investment and head office functions, which will bring uncertainty over the future of all of our Scottish operations.

Our small plant at Cowdenbeath employs nearly 50 people and is involved in the manufacture of plastic carrier bags which account for nearly 35% of its total business. The loss of its plastic carrier bag business will make the plant loss making in the short term and will certainly threaten the long term viability of this operation.

Compatibility with EU Law

The Extended Impact Assessment commissioned by the Scottish Executive concludes that if paper bags are excluded from the levy, the *“overall environmental impact...is predicted to remain very similar to today’s situation. This is because the benefits of reducing plastic carrier bags use are displaced by the increased use of paper bags.”*

The Bill would, if enacted, in the opinion of our legal advisers, be vulnerable to challenge as :

- **Unlawful State Aid** to producers of competing products such as paper bags and other carriers, contrary to Article 87 of the EC Treaty
- **Discriminatory Taxation** under Article 90 of the EC Treaty

Differential taxes on competing products may be state aid and discriminatory taxation and can be justified on environmental grounds **only** if they are **necessary and proportional** to achieving that aim.

Given the clear finding of no net environmental benefit resulting from the levy, the measure could not be justified on this ground. There does not appear to be any other possible justification in law available for the proposed levy.

Effect of Infringing EU Law

The Scotland Act provides that an Act of the Scottish Parliament is not law *“so far as any provision of the Act is outside the legislative competence of the Parliament.”* A levy which amounts to state aid or discriminatory taxation would be outside the Parliament’s competence as it would be incompatible with EU law.

Conclusion

In summary, the proposed Bill as outlined in the Policy Memorandum, would not only fail to achieve its key objectives but would actually have a negative impact on the environment by creating thousands of tonnes of additional waste, all of which would be biodegradable municipal waste therefore hindering progress towards achieving the targets within the EU Landfill Directive. All of this would come at an additional cost to Scottish local authorities, businesses and consumers and would impact most heavily, both practically and financially, on the poorest sections of the community.

If the Scottish Parliament wishes to promote awareness of recycling and the environment it should support, and not penalise, those within industry and the retail sector who are spending millions of pounds annually in developing more environmentally-responsible packaging systems and more collection and recycling initiatives as well as diverting thousands of tonnes every year of plastics which would otherwise go to landfill. The packaging industry's level of growth in recycling volumes over the last 5 years has been substantial. The proposed Bill would be a significant step backwards.

Finally, the Bill would not seem compatible with EU law, will reduce scarce manufacturing jobs and increase the risk of yet another Scottish head quartered business moving south.

SUBMISSION FROM SIMPAC LTD (1)

RE: Environmental Levy on Plastic Bags (Scotland) Bill

I write on behalf of my 150 employees, many of whose livelihoods will be destroyed by the implications of this Private Members Bill. As MD of Simpac a company with over 100 years in packaging in Scotland, I am well aware that at times it can be necessary to cut jobs if the bigger picture and long term good of doing something is worth more than the jobs involved, however this ill conceived Bill will not actually provide ANY net benefit to Scotland, its environment or its inhabitants.

Simpac Ltd has a foot firmly in both camps in this debate, in that we sell an approximate total of 12,000 tonnes of plastic packaging products annually as well as an approximate 11,000 tonnes of paper products so we are probably uniquely able to comment on the debate from essentially a neutral position as regards product material. Why am I vehemently against this Bill? Simply because it is detrimental to the environment of my country, detrimental to the public and detrimental to the World's atmosphere.

This is a long list of points; please take the time to understand them in full.

1. Net Environmental Position for Scotland.

The AEAT report, now published, which we broadly support, unsurprisingly confirms that **there cannot be any net environmental gain** for Scotland. The AEAT figures, which use inappropriate assumptions whether by accident or design, thereby lessening the impact of the changes they envisage, still come out with a figure of 5,409 extra tonnes going to landfill every year. This increase results from a switch from lightweight plastic bags (reduced by 698 million bags per year) to, according to the Report, essentially an increase in paper carrier bags of 174 million per year. We have calculations available that show this extra 5,409 tonnes represents an additional 60,000 cubic meters of landfill space being required every year. **(Exhibit A attached)**

I have also calculated the extra tonnage and landfill space required **(See Exhibit A attached)** in a more accurate assessment of what actually will happen, using the **average** weight figure of 99 grams per paper bag which AEAT agree is the **average** weight of paper substitute bags, rather than the 51 grams they used to arrive at 5,409 tonnes extra waste. This should be coupled with a realistic approach that PERHAPS only 15% of all persons who currently use a plastic bag will, after the tax, use NO BAG at all (the AEAT report thinks 30% will use no bag which is surely unrealistic).

Both of these more accurate approaches when combined, will result in an extra 19,464 tonnes per annum going to landfill with a bulk factor of 178,911 extra cubic meters of landfill. This 178,911 extra cubic meters going to landfill represents 6,400 twenty foot containers extra on our roads every year just taking the extra waste to landfill !

The Scottish National Waste Plan targets waste REDUCTIONS yet this Bill will increase waste.

There will be NO net environmental gain for Scotland – it is simply not possible to achieve this under this Bill.

2. Landfill Consequences

In addition to the landfill weight and volume increases in Point 1 above, the consequences of more paper going to landfill are well known. Any environmentalist with informed knowledge will know that paper may eventually, given the correct physical conditions, degrade. However when it does so, it emits, inter alia, carbon dioxide and methane, both of which are highly dangerous to the Earth's atmosphere and to its protective shield. Polythene has no such dangerous emissions when it eventually degrades. The G8 summit, The European Union, Westminster and Holyrood all call for reductions in greenhouse gases, yet this bill will, with certainty, increase these dangerous emissions. The Scottish National Waste Plan targets greenhouse gas emission REDUCTIONS yet this Bill will increase them.

Supermarket plastic carrier bags come in cardboard cartons of 1000 or 2000 bags, the smaller fruit, vegetable and bakery plastic bags in cartons of 6000. Substitute paper or polypropylene products come in cardboard cartons of 100 or 200. Therefore at least another 10 times more cardboard waste is generated. Between the situation as is and the Scenario 1A in the AEAT report, there are an additional 443,000 cartons going to landfill weighing a further 140 tonnes more waste! No environmental gain here either.

It is inappropriate and irresponsible to introduce a Law which will increase waste, increase landfill requirements, increase CO2 and methane emissions into the environment. All of the current UK environmental laws and EU laws require a reduction in landfill waste and reductions in CO2 and methane emissions, as does the Scottish National Waste Plan.

This Bill proposes to increase these elements for Scotland. We will be the laughing stock of the World.

3. Transport Implications

The transportation of the extra 19,500 tonnes of essentially paper carrier bags envisioned by the Scenario 1A in the AEAT Report will require an extra minimum of 23,000 extra lorry journeys (based on FULL 20 ft lorry loads!) on our roads to cope with the extra bulk and weight, increase fuel usage, increase exhaust emissions and increase damage to our roads. The retail trade requires suppliers to hold stock for them for call-off and the larger groups have Regional Distribution Centres to whom you must deliver. From there they distribute to individual shops which, when you add the rubbish collection post consumer, adds up to 4 road journeys for each carrier bag. It is not simply the weight that is a factor – it is mainly the bulk that is a factor.

Fact	160,000 Sainsbury's checkout polythene carriers fit onto	2 pallets	Weight	1,280 kgs
Fact	160,000 Similar sized paper carriers with handles fit onto	66.7 pallets	Weight	15,840 kgs

The resultant traffic increase, extra fuel used, carcinogenic exhaust pollution, carbon dioxide emissions, and inner city congestion due to increased levels of delivery to retailers – mainly in City Centres as well as in retail shopping centres, will damage the environment even more.

4. Recycling of Carrier Bags

Both polythene and paper are sensible targets for recycling, and various schemes are already in place for both products. Sadly, as can be seen by the amount in landfill of polythene bags at less than 1% (Estimated by the Irish at 0.3%) and of paper at 18%, there seems to be little scope for significant meaningful improvement in polythene but hugely significant room for meaningful improvement in paper. Polythene as a product can be recycled repeatedly, without the addition of any fresh virgin polymers. The molecular structure of the polymer does NOT ALTER when it is melted down and regranulated and the separation of the different types of polythene is the only limiting factor in the repeated recycling process. Because the law bars recycled materials to be in direct contact with food, recycled polythene tends to move down the value chain into other useful recognisable products like refuse sacks and bin liners, but make no mistake, polythene bags are at present being actively recycled. There are already collection schemes in place for this and are very successful. Much of the polythene bag film in landfill has already been recycled - either as refuse sacks and bin liners containing litter or as carrier bags in a secondary use as bin liners containing other waste.

Paper as a product CANNOT be recycled over and over again without the addition of an ever increasing proportion of virgin pulp. When paper is recycled, you have to physically chop it up and every time you do this the fibre length of the pulp gets smaller and smaller reducing dramatically the strength of the paper. With continual recycling of paper, eventually you are left with mud which is of little environmental benefit. The last use for this is egg cartons – after which – back into landfill I'm afraid.

Do not be fooled by claims that the recycling industry will welcome paper carrier bags into the waste stream – ANY item that has a card base (as many fashion carriers), any paper carriers with a polypropylene high gloss finish, any rope handles, any polythene coating, any metal eyelets, any wet strength additive to the paper to make it water resistant , any wax coating, and any lacquer coating applied to the surface of the carrier on top of the print to avoid print rub off which damages clothes, will render that bag UNABLE TO BE RECYCLED. The public do not and will not have the expertise to differentiate between these categories, and what will happen, as it already does, is that paper recyclers, including the local authorities, will NOT ACCEPT such unsegregated waste for their recycling processes. This is what happens NOW and that is why there is 18% paper waste in landfill.

Please remember I have first hand experience of this problem due to the waste generated in my paper conversion manufacturing plants right here in Scotland and in Hull, most of which cannot be recycled and which therefore ends up in landfill.

5. Oil Depletion

Polythene is an oil derivative. Two of the main substitute products suggested are woven polypropylene and non woven polypropylene – both of them are also oil derivatives. The Dunnes stores bags used in Eire are woven polypropylene (with a semi rigid PVC insert) and one bag weighs 197 grams. They sell these for € 1.50. Marks & Spenser's nonwoven polypropylene bags (with rigid plastic handles and a semi rigid PVC insert) weigh 206 grams and sell for £1.49 each. One ASDA supermarket bag weighs less than 7 grams- and is free to the consumer.

The energy costs of manufacture, transportation, storage and distribution have been independently reported as being greater for the life cycle of ALL substitute items, and the polythene bag has been consistently engineered over the past 20 years to use less oil as technology advances. In Eire, the Customs and Excise EU statistics, provided you **clearly** identify the classification codes for all relevant polythene and polypropylene items both woven and nonwoven, show an INCREASE IN TONNAGE since the tax was introduced. These statistics exclude the locally produced refuse sack and bin liner producers in Eire whose business has reportedly boomed producing significantly higher tonnages now, using more oil, than they did before the tax was introduced. More polythene and polypropylene is used since the introduction of this tax, yet the Irish politicians would have you believe otherwise. So no net environmental gain here either.

For as long as you and I run a motor car or switch on electric lights, naphtha will be produced by the oil industry as a direct result of distilling and separating crude oil or natural gas.. Naphtha is the base feedstock for all plastics and the alternative to using naphtha for plastics, is to flare it off by burning – what an inconsiderate waste of resources. Certainly no net environmental gain should this take place.

6. Wildlife

No one likes the thought of causing harm to defenceless animals. The Explanatory notes to the Bill mentions 9 incidents involving animals trapped in plastic bags (not identified as ALL being covered by this Bill) having been reported to the SSPCA during 2003. Please can we put this into its proper perspective. A look at the website of the SSPCA would indicate that hundreds of hedgehogs are killed or injured by gardeners each year. Literally thousands of birds, hedgehogs, rabbits, to name but a few of our indigenous species, are killed by motor vehicles in Scotland but nobody is surely suggesting we tax motor cars as a result? Just so as to keep a perspective, I copy you the SSPCA response to an enquiry made of their database:- “The Society dealt with 1334 animals that injured (sic) or died on the road during 2003”.

Nine incidents are 9 too many (out of a reported incident total of 88,235 for 2003) but really this cannot be a serious reason for the introduction of this Bill.

7. Cost to the Consumer

Several UK companies have branches in Eire. One such company has indicated that the carrier bag cost in Eire for their carrier bags has increased from £ 50,000 per year when they were using plastic bags to £ 550,000 per year after they switched to paper. They saw NO significant reduction in usage of bags as a result of the change. . We have also done an exercise for a major Scottish High street frozen foods retailer, quantifying the anticipated cost should they switch from plastic carriers to paper carriers and the cost, purely for the bags, would increase by £3,000,000 annually. Nobody can seriously believe that these store groups could maintain their prices to the consumer as a result?

Two of my Scottish customers I know have written directly to you, one in clothes retailing and one in food retailing. They are both in a position to evaluate the effects on their businesses and both show alarming cost escalation as well as significant EXTRA environmental considerations. Believe them, even if you do not believe me, despite my company having a foot in both the plastic and the paper camps.

Substitute products WILL be used. Heavyweight polythene bags will be sold at a rate of £0.15 – £0.40 pence each by the stores. These might last longer, but weigh around 40 – 50 grams each depending on size and thickness (compared to 2 – 7 grams for the plastic bags they replace) and accordingly use more oil as a result. If the take up of these is as a replacement for the lightweight bags, then each household will have to buy between 10 and 15 for a weekly shop. They might last for a month or two, so annually each household will need to pay roughly £10 – £28 (£2.50 - £7.50 per person) per year for what they currently get “free”.

As the proposed bill stands, the smaller lightweight bags supplied free by Supermarkets at the fruit, vegetable and bakery counters will fall into the tax net at 11.75 p (**10p TAX plus VAT which will be chargeable**) each as all are currently much larger than the size exception granted, so there will still be an additional approximate annual charge of £6 – £12 per person (based on 1 or 2 produce bags per week per person). 80% of all consumers currently reuse the supermarket bags as bin liners and if these carriers are not given away free, then they will have to buy bin liners from the supermarkets as well. Everyone who buys from a retailer will have to pay, either by way of the tax or by way of higher prices. The current cost of black bin bags may well have to increase as well, because at present these are, as a general rule, made from plastics already recycled, and if this is unavailable, virgin polymer will have to be used to meet the demand for more black sacks.

Implementation of the Bill will incur costs for every shopkeeper. Specific records will need to be kept (for 5 years), specific till receipts will be required, many rural shopkeepers may need to buy a till to record the tax, accounting, reporting and submission of returns will be added burdens for every shopkeeper – and what will they do – they will recover these expenses by increasing their prices.

Who will suffer? As a percentage of net disposable income, **the less well off, the unemployed, the elderly on fixed incomes and those who rely on public transport** will be forced to use a higher proportion of their income on products which they do not pay for at present. This is not, for them, a choice, they have to buy food and other necessities every week and they have to carry them home. To talk of the plastic bag being “add on packaging that has no essential purpose” (Clause 4 of the policy Memorandum), is subjective and arrogant. The social classes, including those mentioned above, use them as a necessity to get their groceries home and then 80% use them again as bin liners and for other purposes. The Levy is to be operated by the Local Authorities. Who pays? The consumer ultimately pays regardless of the income generated. Council Tax will be increased yet again. Local Authorities will require additional staff at a time when Holyrood itself is critical of the increases in Government employment levels.

In summary, **the cost to every consumer will be far in excess of the £ 10 per annum stated in the AEAT report.** We are certain that £ 20 – £25 per head would more accurate, and even this figure excludes the hidden costs by way of higher prices for goods and additional council taxes. An extra £100 of **tax** per year, every year, for every average family for something they now get free.

8. Employment

It has been estimated that between 300 and 700 jobs will be lost, directly and indirectly in Scotland. My company directly employs over 100 in Glasgow and has a Hull location

which employs another 40 or more. We have built this company with the help and assistance of solid, hardworking ordinary people, many of whom were on the dole before we employed them. We are not a wealthy company; we have historically made small net profits every year from a turnover approaching £20 million, using a capital employed base of £1.5 million. We get a LIVING out of the business, however we are in debt to the Bank for over £2.5 million. This tax will for certain cause significant loss of employment. Our local MSP, Joanne Lamont has met some of my staff and has been to our premises. Serious concerns are being raised by my staff, two of whom have already left as a measure of concern over whether or not they would have a job as a result of the tax. My Directors will have to seriously consider closing down our whole Glasgow operation and moving what remains of our business to our Hull location, where we make paper sacks (not carrier bags) for the UK market.

Despite what you might be led to believe, the vast majority of replacement products will NOT be manufactured in Scotland thus producing an opportunity for new employment. There is simply no chance of this being realistic – the manufacturers of competitively priced paper carriers are in Asia and Eastern Europe as are those who make and convert polypropylene. The UK retailer whose costs escalated 11 fold as previously mentioned, struggles to get from the whole of Europe, his requirements for his paper carriers.

One UK Plc retailer CLOSED branches in Eire as the transaction price for their goods could not justify a €0.15 cent plastic bag charge.

This puts the 9 reported animal incidents into proper perspective when I have over 100 jobs at risk.

9. European Law

There are other interested parties who are more competent to broach this subject than I am, but I would like to comment that the Industry has already taken legal advice and that if necessary, there will be a legal challenge made in the EU courts on anti competitive grounds and on discrimination of product grounds. By placing a financial penalty on plastic bags this deliberately distorts product choice. Clause 8 of the EU Directive on Packaging and Packaging Waste (2004/12/EC) states “ Such systems.....be designed to avoid discrimination against imported products and barriers to trade or distortions of competition...” – this Bill clearly contravenes this directive.

10. Timing

The timing, of 6 months, from Royal assent to introduction of the Bill should it ever be passed, is unacceptable. Importers have placed orders with suppliers often 12 months in advance to deliver annual contracts, have to hold 3 months stock in warehouse, have a further one months stock on the ocean and another month in production in Asia, deems this 6 month period unacceptable. A minimum of 15 – 18 months would be reasonable to enable companies to make alternative arrangements.

11. The Irish Experience

This has been strenuously upheld by the proponents of this Bill as an example of good law with a proven track record. Let us examine that in more detail. There are undoubtedly many fewer polythene carrier bags in Eire than before the tax

was introduced. The consequences of this are however abundantly clear when you shop in Eire.

Major Supermarkets (Dunnes, Superquinn, Supervalu)

1. Major supermarkets in Eire now **sell** heavyweight and lightweight carriers to the public. The costs range from €0.15 cents to €2 each. The whole packaging of food retailing in Supermarkets has altered and it now uses FAR MORE packaging than before the Tax was introduced. You still get small plastic carriers and bags on the roll at some fruit counters which are free in Eire (in Scotland they, because of their size, will cost 10p each). However the presentation of fruit and vegetables has altered dramatically. Nearly all fresh fruit, vegetables and bakery products are now pre packaged in polystyrene trays for 2, 4 or 6 pieces of fruit etc, and the tray (polystyrene – oil derivative) is wrapped in cling film (oil derivative). The total weight of the tray and the cling film is a minimum of 3 times greater than our Scottish produce bags. How stupid is that? **No tax payable but THREE times more weight of packaging used and of course subsequently sent to landfill.**

2. The only loose vegetables sold are potatoes, but customers are given a free paper bag to put these in – again weighing in at seven - nine times the weight of a polythene produce bag. ONE Superquinn paper bag for potatoes weighs 17.3 grams – the equivalent of NINE polythene produce bags which each weigh 1.8 grams. **No tax payable but EIGHT times more weight of packaging used.**

3. In the Bakery section, all rolls, bread and cakes are prepackaged, either into a polythene bag or film front bags with a paper backing. Loose cakes and buns are available as are free polypropylene multiperforated bags from suppliers such as Cuisine De France. All pies, fruit and meat, are pre packed into a film front bag. **No tax payable but more weight of packaging used.**

4. In the deli section, meats and pates are wrapped behind the counter into a polythene lined sheet of paper weighing 5 times the weight of the lightweight polythene butchers bags we use in Scotland, and priced for the checkout. **No tax payable but FIVE times more weight of packaging used.**

5. Throughout the store there are free hanging promotional bags with tear out coupons for offers for products. I saw the public using them for other goods. **No tax payable but more packaging used.**

6. There are packs of 25 carrier bags for sale in the Supermarkets and on two occasions I watched the public pay for the pack of 25, open the pack up and use 5 or 6 of the bags to carry their purchases home. **No tax payable.**

7. There are Cooler bags in plastic for sale at €2 each, “wine bags” for sale at €2, medium and large reusable non woven polypropylene shopping bags for sale at €2 – 4 each – all individually packaged for resale with a throw away paper header card which itself weighs 26.7 grams (the weight of 15 produce carriers) .

8. Supermarket retailers have increased sales of swing and pedal bin liners, refuse sacks and nappy bags simply because people no longer reuse their previously free carrier bags in their kitchen bins. They therefore use the same amount of plastic bags as before and the same amount of plastic goes to the rubbish dumps except that now they are of a different type AND the public has had to pay for them.

It is NO surprise that the Irish Supermarkets support this move – they have replaced a cost against their profits (giving away free carrier bags) with new sales items or increased sales of existing items (bin liners and refuse sacks) making them huge extra profits. Please do not be fooled into thinking these savings will be passed onto the public. It is a very profitable commercial advantage they have had, and **remember they are NOW using more packaging at a higher cost to the public than they did before the tax was introduced – confirming the point made under “5. Oil depletion” above that MORE plastic is now being used in Eire than before the tax was implemented.**

Smaller Irish food retailers, Spar, Corner shops, Convenience stores etc.

1. Produce bags available . **No tax payable in Eire (But will cost £0.1175 each in Scotland)**
2. At checkouts, carrier bags, that should be taxable, were frequently handed out free even when you did not ask for one. **(Tax evasion)**
3. Fruit and vegetable street market – carriers, large enough to be taxed, were handed out free. **(Tax evasion)**

Other Irish retailers

1. **Next Plc.**– paper carriers now used (85.5 grams each) UK Plastic carrier (23.1 grams each) **No tax payable but 3.7 times more weight of packaging used – (SEE DETAILED ANALYSIS ATTACHED – Exhibit B)**
2. **Arcadia group** – paper carriers now used. **No tax payable but 4.7 times more weight of packaging used (SEE DETAILED ANALYSIS ATTACHED – Exhibit C1-3)**
3. Boots – a variety of small paper carriers significantly heavier (28.6 grams) than a UK Boots plastic carrier(6.6 grams). **No tax payable but 4.4 times more weight of packaging used.**
4. Mothercare – paper carriers as 1 above. **No tax payable but more weight of packaging used.**
5. Book shops – paper bags and paper carriers. **No tax payable but more weight of packaging used.**
6. Shoe shops – paper carriers. **No tax payable but more weight of packaging used**

7. Dry Cleaners – free plastic bags (**Taxable in Scotland**)
8. Computer shop – free black bin bags. Within the proposed law as it stands.
9. Flower and plant pot holders – free plastic carriers (**Taxable in Scotland**)

What is the result of all of this? The statistics for Eire for import of polythene AND polypropylene together show an **increase** in tonnage since the tax was introduced. This even ignores all the tonnage produced in Eire whose manufacturers of bin liners and refuse sacks have grown their business significantly (one producer mentioned by 400%).

Additionally the amount of extra packaging now used by the retailers must be enormous and unable to be quantified but common sense leads us to understand that the if volume and weight have increased – all the paper carriers and extra pre packaging in Supermarkets must be accounted for - then the landfill space utilised must have increased dramatically. Ultimately all of the extra cost of packaging is a cost to the public as is the extra cost of transporting these heavier and bulkier products around the shops and eventually to landfill.

The Scottish Bills sponsor believes it has been good for Eire as, of course, do the Irish politicians and supermarket owners– **the facts prove otherwise**. Litter has not decreased. Waste tonnage has increased, waste volume has increased, costs to the public have increased and this tax is just another cost to the Irish public. The trash on Dublin’s street is just as noticeable, if not more so, as it is on Edinburgh’s streets. No-one in Eire outside of the politicians, thinks that it has done anything other than tax them and inconvenience them. One lady I spoke to said that she didn’t go shopping now when it rained – “Sure now the paper bags just burst like a soggy potato ” was her comment

Finally, it is hugely pertinent that a number of the proponents of this Bill at Holyrood are from the Green Party whose Environmental credentials are explicit in their party membership and that the Friends of the Earth have also been a vocal supporter of the proposal. It will be extremely interesting to learn of their reaction to the net environmental deficit consequences produced by the AEAT Executive commissioned Report and how this can possibly be aligned with their continuing support for this monstrous proposal, the consequences of which are directly in opposition to their political manifesto. As a clear example of muddled thinking, Mark Ruskell has a consultation document lodged, as recently as June 30th 2005, for a proposed greenhouse gas emissions targeted reductions bill for Scotland. He is a named supporter of the Plastic Bag Levy, which will clearly increase greenhouse gas emissions.

Environmentally, ignoring the economics which are severely detrimental to the public, the bottom line if this Bill is passed is that 10,335 tonnes of product with a volume of 32,993 cubic meters will be replaced by 29,799 tonnes of product having a volume of 211,903 cubic meters all which requires to be transported around Scotland and finally into landfill.

I believe we all want to see less waste generated in Scotland – we are running out of landfill sites and sensible well thought out practical solutions to reduce emissions of carbon dioxide, methane and exhaust emissions from vehicles, are paramount to a sustainable environment. This Bill will not make the irresponsible think about littering or waste, nor will it “change the hearts and minds of people” – the product it seeks to tax is too insignificant an element in the waste stream. The very consequences of passing this Bill will send out the message to the responsible and irresponsible alike that Parliament doesn’t care about increasing waste after all they have just passed a bill that does exactly that, so why should I care?

If you recommend the passage of this Bill then you run the risk of setting double standards on weight and volume of waste, of increasing carbon dioxide and methane generation, of increasing exhaust emissions, of approving greatly increased road congestion, and of introducing a stealth tax which has neither a social nor environmental advantage to Scotland. What message does this give to the public about the work of the Environment and Rural Development Ministry at Holyrood?

We, as an industry, will continue to actively encourage retailers to print public messages on their bags encouraging them to reuse their bags and to dispose of them responsibly by recycling them. We fully support the efforts of our Industry, the Carrier Bag Consortium and the Scottish Retail Consortium to work with retailers and Government to produce a sensible Code of Practice for the use and disposal of carrier bags, both paper and plastic, to ensure that the right educational messages are transmitted to the public. This alternative solution, as has been proved in Australia for example, should reduce the number of ALL carrier bags by over 20% in the space of a two year trial period which has now been further extended. These efforts, hopefully supported by the Executive with an educational campaign, will ensure that the 0.3% of the waste targeted by this legislation is reduced to an even smaller proportion of our landfill sites.

Plastic actually IS fantastic. More waste is a disgrace.

Attachments

Exhibit A Statistical analysis of AEAT report on tonnage and bulk comparisons.

Exhibit B UK Retailer B : Case Study of the effect of the Irish Tax. Weight, Bulk and Cost implications

Exhibit C UK Retailer C : Case Study of the effect of the Irish Tax. Weight and Bulk implications.

EXHIBIT A

CBC - Statistical Information from AEAT Final Report

	Current Position Units used in 1000's	Weight in Kilos per 1000 bags per AEA Report	Annual Tonnage used	Bulk : Total Cubic Meters taken up in landfill	Scenario 1A per AEAT Report	Annual Tonnage Used	Bulk : Total Cubic Meters taken up in landfill	Scenario 1A If paper carriers weigh Average 99 kgs (per AEA Report)	Scenario 1A Bulk : Total Cubic Meters taken up in landfill	Scenario 1A if 15% of all shoppers do not use a bag rather than 30% per AEA Report			If Weight is 99kg and 15% do not use a bag	
		Bulk as calculated from actual product			Revised units	Weight in Tonnes	Bulk in Cubic meters	Weight in Tonnes	Bulk in Cubic meters	Revised units	Weight in Tonnes	Bulk in Cubic meters	Weight in Tonnes	Bulk in Cubic Meters
HDPE Carrier Bags Cartons 1 x 530mm x 300 x 100 mm Weight per 1000 per AEA = 8kg Bulk :530 x 300 x 100 = 0.0159 cubicmeters per 1000	775,000		6,200	12,323	78,000	624	1,240	624	1,240	89,700	718	1,426	718	1,426
LDPE Heavyweight Carrier bags and Alternatives Cartons : 2 x 505 x 395 x 119 mm Weight per 1000 per AEA = 47 kgs Bulk : 2 x 530 x 300 x 100 = 0.0477 cubicmeters per 1000	8,000		376	382	23,000	1,081	1,097	1,081	1,097	26,450	1,243	1,262	1,243	1,262
Paper Carrier Bags Cartons: 5 x 400 x 460 + 450 mm Weight per 1000 per AEA = 51 kgs Bulk : 5 x 410 x 460 x 450 = 0.4240 cubicmeters per 1000	39,000		1,989	16,536	213,000	10,863	90,312	21,087	175,312	244,950	12,492	103,859	24,250	201,608
Polythene Bin Liners Cartons 2 x 530 x 300 x 100 mm Weight per 1000 per AEA = 15 kgs Bulk : 2 x 530 x 300 x 100 = 0.0318 cubicmeters per 1000	118,000		1,770	3,752	208,000	3,120	6,614	3,120	6,614	239,200	3,588	7,607	3,588	7,607
Total tonnage to Landfill			10,335			15,688		25,912		18,041			29,799	
Total cubic meters to landfill				32,993			99,264		184,263		114,153			211,903
Total EXTRA tonnage to Landfill			0			5,353		15,577		7,706			19,464	
Total EXTRA cubic meters to landfill				0			66,271		151,270		81,160			178,911
20 ft containers hold 28 cubic meters Therefore number of container loads to landfill				1,178			3,545		6,581		1,178			7,568

EXHIBIT B

Weight and expense comparison of Eire Retailers Change from Plastic Carriers to Paper Carriers

	Grammage	Cartons of	Quantity for tender year to Dec 03	Weight / 1000 bags in Kilos	Weight ./ 1000 handles in Kilos	Weight / 1000 cartons in Kilos	Estimated Budgetted Annual Weight in Kilos	ANNUAL COST to RETAILE R	2003 Actual Paper bag usage	2003 Actual weight in Kilos	2004 Actual Paper bag usage	2004 Actual weight in Kilos
Paper Carriers												
320 x 100 x 370 + 50	120	100	912,000	54.91	12	3	63,758		749,850	52,422	830,550	58,064
420 x 130 x 450 +60	120	125	456,000	85.5	12	2.4	45,554		389,400	38,901	467,400	46,693
540 x 140 x 490 + 60	120	125	470,000	115.92	12	2.4	61,250		40,800	5,317	42,750	5,571
							170,563	£505,000		96,640		110,328
							Alternative weights in Kilos			Alternative weights in Kilos		Alternative weights in Kilos
Plastic Carriers												
300 x 350 +75 + 50	45 mu	300	912,000	10.97	5.66	0.93	16,015			13,167		14,584
450 x 450 + 100 + 50	50 mu	500	456,000	23.01	5.66	0.6	13,347			11,398		13,681
600 x 550 + 100 + 50	55 mu	250	470,000	39.9	5.66	1.2	21,977			1,908		1,999
							51,339	£57,000		26,473		30,264
							119,234			70,167		79,974

120gsm paper measures a minimum of 170 micron depending on Mill
 170 micron depending on Mill. Therefore
 using a 3 times bulk factor the extra
 volume required in landfill is significant.

EXHIBIT C (1)

SUMMARY OF 3 YEARS UK High St Retailers (EIRE ONLY) COMPARITIVE WEIGHTS OF CARRIER BAGS USED

	2002 - 2003 PAPER kilos	2002 - 2003 POLYTHENE kilos	2003 - 2004 PAPER kilos	2003 - 2004 POLYTHENE kilos	2003 - 2004 PAPER kilos	2003 - 2004 POLYTHENE kilos
Company A	10,403	2,930	13,649	3,780	9,936	2,667
Company B	28,986	7,120	46,503	10,601	51,337	11,488
Company C	29,667	4,956	31,797	5,451	31,058	4,971
Company D	17,365	4,343	26,883	6,765	19,836	4,918
Company E	19,989	3,112	19,728	3,111	16,430	2,449
Company F	37,637	7,777	34,696	7,172	28,344	5,555
Company G	26,882	6,268	28,921	6,331	30,364	6,438
	#####	36,506	#####	43,211	187,305	38,486
	4.68 TIMES HEAVIER		4.68 TIMES HEAVIER		4.86 TIMES HEAVIER	
Extra Weight into Landfill in Kilos	134,423		158,966		148,819	

Paper is at least 3 times bulkier than the equivalent polythene therefore the extra VOLUME required in Landfill is significant.

EXHIBIT C (2)**UK High St Clothing GROUP Weights of paper and polythene Carrier bags used in Eire**

NET weight of Paper Carriers versus Polythene Carriers for the 3 years for which we have usage	ESTIMATE	ACTUAL	ACTUAL	Total weight in	Total weight in	2002	Mar 2003 -	Mar 2004 -	2002	Mar 2003 -	Mar 2004 -
	D 2002 usage	Mar 2003 - Feb 2004	Mar 2004 - Feb 2005	Kgs per 1000 paper carriers	Kgs per 1000 Polythene carriers	TOTAL Weight of Paper in Tonnes	Feb 2004 Total Weight of Paper in Tonnes	Feb 2005 Total Weight of Paper in Tonnes	TOTAL weight of Polythene in Tonnes	Feb 2004 Total Weight of Polythene in Tonnes	Feb 2005 Total Weight of Polythene in Tonnes
	Units of 1000	Units of 1000	Units of 1000								
Company A											
Small	20.4	36.15	27.45	35.94	4.89	0.733	1.299	0.987	0.100	0.177	0.134
Medium	88.2	114.45	95.55	70.51	18.41	6.219	8.070	6.737	1.624	2.107	1.759
Large	31.2	38.7	20	110.60	38.67	3.451	4.280	2.212	1.207	1.497	0.773
Company B											
Small	94.8	284.25	335.25	35.94	2.76	3.407	10.216	12.049	0.262	0.785	0.925
Medium	327	400.05	481.2	70.51	18.77	23.057	28.208	33.929	6.138	7.509	9.032
Large	22.8	73.05	48.45	110.60	31.59	2.522	8.079	5.359	0.720	2.308	1.531
Company C											
Small	190	172.5	253.2	35.94	2.76	6.829	6.200	9.100	0.524	0.476	0.699
Medium	284	325.35	284.4	69.43	13.6	19.718	22.589	19.746	3.862	4.425	3.868
Large	28.2	27.2	20	110.60	20.21	3.119	3.008	2.212	0.570	0.550	0.404
Company D											
Small	88	135	98.25	35.94	4.89	3.163	4.852	3.531	0.430	0.660	0.480
Medium	173	262.6	207.6	69.43	18.19	12.011	18.232	14.414	3.147	4.777	3.776
Large	19.8	34.35	17.1	110.60	38.67	2.190	3.799	1.891	0.766	1.328	0.661
Company E											
Small	185	173.75	178.5	35.94	2.76	6.649	6.245	6.415	0.511	0.480	0.493
Medium	152	158.6	126.8	69.43	13.6	10.553	11.012	8.804	2.067	2.157	1.724
Large	25.2	22.35	10.95	110.60	21.21	2.787	2.472	1.211	0.534	0.474	0.232
Company F											
Small	124	116.5	114.75	35.94	3.86	4.457	4.187	4.124	0.479	0.450	0.443
Medium	299.2	272.4	266.4	69.43	13.6	20.773	18.913	18.496	4.069	3.705	3.623
Large	112.2	104.85	51.75	110.60	28.78	12.409	11.596	5.724	3.229	3.018	1.489
Company G											
Small	97.2	164.1	199.65	35.94	2.7	3.493	5.898	7.175	0.262	0.443	0.539
Medium	260.4	268.2	286.2	69.43	17.38	18.080	18.621	19.871	4.526	4.661	4.974
Large	48	39.8	30	110.60	30.83	5.309	4.402	3.318	1.480	1.227	0.925
						170.929	202.177	187.305	36.506	43.211	38.486

EXHIBIT C (3)

UK High St Retail Clothing GROUP PAPER CARRIERS - EIRE USE - Weight per 1000

	Face	Gusset	Seam	Height	Base	Top	Sheet width	Sheet Height	Paper weight in Grams per square meter	Sheet Weight KG per 1000 carriers	Handle weight per 1000 carriers	Total weight in Kgs per 1000 paper carriers
Company A												
Small	0.22	0.1	0.025	0.28	0.07	0.05	0.665	0.4	90	23.94	12	35.94
Medium	0.35	0.13	0.025	0.41	0.08	0.05	0.985	0.54	110	58.51	12	70.51
Large	0.45	0.16	0.025	0.52	0.09	0.05	1.245	0.66	120	98.60	12	110.60
Company B												
Small	0.22	0.1	0.025	0.28	0.07	0.05	0.665	0.4	90	23.94	12	35.94
Medium	0.35	0.13	0.025	0.41	0.08	0.05	0.985	0.54	110	58.51	12	70.51
Large	0.45	0.16	0.025	0.52	0.09	0.05	1.245	0.66	120	98.60	12	110.60
Company C												
Small	0.22	0.1	0.025	0.28	0.07	0.05	0.665	0.4	90	23.94	12	35.94
Medium	0.32	0.16	0.025	0.39	0.09	0.05	0.985	0.53	110	57.43	12	69.43
Large	0.45	0.16	0.025	0.52	0.09	0.05	1.245	0.66	120	98.60	12	110.60
Company D												
Small	0.22	0.1	0.025	0.28	0.07	0.05	0.665	0.4	90	23.94	12	35.94
Medium	0.32	0.16	0.025	0.39	0.09	0.05	0.985	0.53	110	57.43	12	69.43
Large	0.45	0.16	0.025	0.52	0.09	0.05	1.245	0.66	120	98.60	12	110.60
Company E												
Small	0.22	0.1	0.025	0.28	0.07	0.05	0.665	0.4	90	23.94	12	35.94
Medium	0.32	0.16	0.025	0.39	0.09	0.05	0.985	0.53	110	57.43	12	69.43
Large	0.45	0.16	0.025	0.52	0.09	0.05	1.245	0.66	120	98.60	12	110.60
Company F												
Small	0.22	0.1	0.025	0.28	0.07	0.05	0.665	0.4	90	23.94	12	35.94
Medium	0.32	0.16	0.025	0.39	0.09	0.05	0.985	0.53	110	57.43	12	69.43
Large	0.45	0.16	0.025	0.52	0.09	0.05	1.245	0.66	120	98.60	12	110.60
Company G												
Small	0.22	0.1	0.025	0.28	0.07	0.05	0.665	0.4	90	23.94	12	35.94
Medium	0.32	0.16	0.025	0.39	0.09	0.05	0.985	0.53	110	57.43	12	69.43
Large	0.45	0.16	0.025	0.52	0.09	0.05	1.245	0.66	120	98.60	12	110.60

SUBMISSION FROM SIMPAC LTD (2)

I am taking this final opportunity to write to your Committee to provide additional information on some of the evidence gathered by the two sessions held on the 28th September and the 5th of October.

I have a growing frustration at the lack of understanding to the implications of this Bill. Unfortunately, as I anticipated and warned the Minister, the extra tonnage of 5,409 highlighted by the AEAT report anticipated going to landfill should the Bill proceed, remains the “accepted” figure. The Executive continually refer to this number as a consequence. This number is simply inaccurate, and when quantified properly using the reasonable average weight which AEAT mention but fail to quantify, this extra tonnage becomes 15,577 tonnes. The impact due to the volume of the alternative used on landfill is HUGE – some 151,000 extra cubic meters of landfill every year. This MUST be clearly understood by your Committee as it is critical to determining whether there is any net environmental gain.

I trust also that your committee also clearly understands that the AEAT report reduces the number of bags required by 30% (some 232 million bags) under scenario 1A because 3 out of 10 persons who currently use a bag will not use a bag after this Bill is enacted. The likelihood of this being accurate is nil.

The sensitivity of the assumptions made by AEAT on the changing consumer behaviour of the consequences of this bill is critical to its impact on the environment and is, at best, flawed.

There has also been a great deal of reference made to reuse and recycling and, because I want that which is good for Scotland, I am greatly encouraged. However, there is a basic misunderstanding of the application of existing food and hygiene regulations which have strict controls over what materials are allowed to be in direct contact with food. Basically recycled product may only be approved for direct food content PROVIDED THE MANUFACTURER CAN AUTHENTICATE EXACTLY WHAT WASTE HAS BEEN INTRODUCED AND ADDED TO VIRGIN MATERIAL.

There are some very stringent regulations (EU 2002 / 72 for example which came into effect in Scotland in March 2005) governing packaging for safe direct food contact and also regulations for safe disposal / recycling of packaging. (Packaging Regulations 1998) (These regulations relate to, contaminants that might migrate into food, potential banned substances and carcinogens, heavy metals, taint, odour etc).

If the manufacturer cannot so authenticate the total content, then the material is not fit for direct food contact. I can almost hear you saying, what has this to do with plastic bags and carriers? Well the answer to that is quite simple in that, for example, fruit such as apples, pears, peaches, plums, tomatoes,

grapes, nectarines, and vegetables that can be eaten raw like carrots, lettuce, cabbage, capsicums, celery, cucumbers etc, cannot be in contact with recycled packaging be it paper or plastic unless authenticated for every making (due to differing waste streams entering the product blend). I anticipate your response in that we bag these items before the checkout anyway. As the Bill stands, all fruit and vegetable carrier bags provided by Morrisons, Asda, Tesco, Sainsburys, Somerfield and M and S, will be subject to the 10 pence tax (plus VAT?) because all are at least sized 350 x 450 mm under the terms of measurement. NONE of the cost to the public of these bags has been figured into the AEAT costs simply because they had been led to believe that these bags would be excluded. This is clearly no longer the case.

So if a paper or plastic manufacturer buys in unauthenticated scrap material, then it cannot be used to make food contact bags as the chain of provenance is lost. Sainsbury's some 5 years ago, WITHDREW their recycled plastic cream carrier bags for essentially that reason, for as well as being recycled, their smell was pretty disgusting and could well have tainted food. It was never admitted by them, but the industry knew full well why they withdrew these items. In my paper sack manufacturing we are prohibited from using recycled kraft paper for transporting flour, rice, potato and other food contact products. The issue of reusing shopping bags is up to each individual but public Health issues abound with attendant bad practices leading to Health and Hygiene issues. All direct contact food plastic packaging is made from virgin polymers and will rightly continue to be made from prime virgin materials.

I am sure you will understand the necessity for this as chemicals, mineral deposits from inks, bugs from spilt milk and food crumbs harbour germs to equal the powers of weapons of mass destruction. Look at the salmonella deaths we had in Wishaw a few years ago from a butchers shop all due to cross contamination between raw and cooked meats.

How McDonalds, as an example, gets away with using recycled paper bags when their French fries are clearly in direct contact with the brown bag is beyond me. I believe they are breaking the Food and Hygiene regulations.

In this connection it is also relevant to note that when a customer opens a supermarket carrier bag, because of the manufacturing process (which is essentially a continuously extruded sausage skin), that is the first time the inside of the bag will have seen the light of day so the likelihood of any contaminants being trapped inside is virtually impossible. Paper bags are made by folding an open sheet of paper from a pre-wound roll of paper and therefore can contain on the inside of the bag contaminants from the air in which it is exposed or from the workforce during manufacture. That is why factory light tubes and bulbs have to have a secondary covering to control any glass breakages. As for cotton or material bags, these are hand made often in third world countries with seams sewn by hand before being turned inside out for presentation. I hesitate to think what germs lurk inside even the "new" ones.

So, when you next go to do your weekly shop and you use 5 fruit carriers, 2 vegetable carriers, 2 more from the meat / deli counter and perhaps 3 more from the bakery counter. You then pick up 3 garments from the dry cleaning and buy a bunch of flowers to cheer you up, then pay for all your groceries using say 8 checkout bags, you will be asked for an additional £ 2.40 for the bags you have used, and a further £0.42p for the VAT. Count it up, do the maths, that's what it will cost. So much for the £8 – 10 per person per annum estimated by AEAT as a cost. So how will you avoid this? If you refuse to use fruit and vegetable carriers – the fruit will roll about the trolley getting damaged, will be checked out and paid for one piece at a time and then dumped into what – a cotton bag with a tasty mixture of sour milk, spilt bleach and soap powder from last weeks purchases in the bottom? If you choose not to use meat / deli carriers – will you wrap your meat in paper so that the raw blood seeps through the paper and further contaminate the other products you buy. Bakery products full of oil and grease seeping into your groceries and onto your dry cleaning which is not protected by plastic, or will they just have some fresh pollen stains from the flowers you have bought? And we're not even on the bus home yet!!

The alternatives are just totally impractical and the Irish prove it every day. The amount of extra packaging now used in Irish supermarkets is a disgrace to anyone with a sense of responsibility towards the environment. Total packaging weight has increased dramatically and the volume of waste certainly must have exploded.

This idea must have come from someone who does no shopping and who certainly has personal transport to cart their purchases home, up the driveway and into their ground floor kitchen. No third floor tenement flat for them with greetin' kids, a push chair and 8 bags of groceries to contend with once they have come off the bus 400 yards from their flat.

I also attach a copy of a letter received from Professor Jim Baird of the Caledonian Waste Centre which is part of the Caledonian University. In it he explores the issues brought forward by this proposal and is as damning in his condemnation of the scope of the proposal as he is in the inability of the Irish to have any concrete proof of the perceived benefits adhering to the introduction of this measure in that country. At last, an environmentalist with some gumption.

11 October 2005

Mr Neil Young
Managing Director
SIMPAC Ltd
Speirsbridge Business Park
Speirsbridge Avenue
Glasgow G46 8NL

Dear Neil

PLASTIC BAGS LEVY – SCOTTISH PARLIAMENT

Further to our discussions in relation to the above proposed Bill, I am please to offer some comments.

The Scottish Executive has funded a useful study which has sought to address the environmental impact of such a levy. Their conclusions confirm my own view that the environmental gains are small if indeed any.

I note you have sought to demonstrate that replacing plastic bags with paper ones could potentially result not in 5kt/yr but 20kt/yr of extra waste consigned to landfill. Your calculations appear robust and demonstrate the sensitivity in the assumptions made on the changing consumer behaviour.

However, all things considered, I would offer the following comments:

1. **Waste Arisings** - Any increase in waste arisings, which are principally biodegradable municipal waste (which used paper bags are), is bad news for local authorities who are required in the next year to begin to make challenging reductions in such waste going to landfill. Even 5kt/yr is significant and, given substantial fines which may be imposed through regulations through non-compliance, the uncertainties from increased paper waste is not helpful.
2. **Litter** - The case for reducing litter is not made on the basis of evidence from the work of Keep Scotland Beautiful – litter from plastic bags does not figure highly in the surveys carried out. They do suggest however, the material is windblown away from roads. Again though there is no hard evidence to support this.
3. **Transport** – The increase in use of paper bags is likely to lead to increased costs and environmental impact, although an initial look suggests an extra 400 truck movements a year which has relatively small cost and environmental impact.
4. **Ireland** – I spoke to a fellow professional who works within the waste sector in local government in Ireland who spoke highly of the impact of the scheme. However, accurate and verifiable data on the overall impact in its different forms it is probably difficult to ascertain, and I would wish Scotland to base its regulations on strong and validated evidence.

Perhaps of most concern to me is why we should focus on a particular waste “issue”. The bill could have considered other waste streams which merit

attention. We have been driven by the EU towards addressing some of the more difficult and problematic wastes such as WEEE and Hazardous Household Waste. Our energies are best directed into these areas. I also hold the view that the UK has failed to engage with retailers and producers of packaging waste in taking on responsibility for reducing packaging. This Bill would fail to engage the retailers in the process; hence my preference for a voluntary scheme in relation to plastic bags. I also would argue that well framed environmental legislation should not necessarily make exceptions such as SMEs.

Perhaps the strongest argument for a well-intentioned Bill is the need to engage the public in the principles of resource efficiency and use and I concur with this view.

It was a pleasure to meet you and I hope the above views are helpful.

Yours sincerely

Prof Jim Baird

SUBMISSION FROM SMITH ANDERSON PACKAGING LTD

**Submission to the Environment and Rural Development Committee
re. The Environmental Levy on Plastic Bags (Scotland) Bill.**

Background

Smith Anderson Packaging Ltd is part of the Smith Anderson Group. Based in Leslie, Fife, the company manufactures and supplies paper & polythene packaging products with a broad emphasis on recycled paper products.

We produce approximately 50,000,000 paper bags per week from 2 sites in Leslie and Falkland (both in Fife). The Group employs over 800 people, 235 of them in Packaging. 200 of the workforce are in direct bag manufacturing. We run 50 bag machines on a 3 shift, 5 day basis and turnover just below £20 million. (5% of this figure is imported polythene bags).

All of our paper, apart from the greaseproof grades for direct food contact products, is purchased from our own mill. Fettykil Paper Mill in Leslie collects over 100,000 tonnes of Scottish waste, converting it to Scottish recycled paper from which we then make Scottish bags. The majority of these products are already 100% recycled before they are sold.

Views on Bill

Our view on the Environmental Levy on Plastic Bags (Scotland) Bill is quite simple. Smith Anderson supports the bill in its endeavour to reduce litter and to change the basis of behaviour of the consumer who, by paying for a product, will be far more likely to keep, or indeed reuse/recycle, it.

Smith Anderson is clear about the Bill's objective and believes that the extensive experience in Ireland, coupled with B&Q's 'trial' levy in Scotland, indicate that it is very likely to be successful by encouraging re-use of bags.

The Committee has already heard from Local Authorities, none of whom have recycling programmes for polythene bags. Virtually all local authorities now offer paper 'wheelie bin' collection into which all paper bags can be very simply recycled. (Fife Council has just published figures that demonstrate a record 30% recycling figure for paper waste.)

Concerns as to wider implications of the Bill have been raised in the main by the AEA Impact Assessment Report (into which Smith Anderson was not able to make an input) and contradictory reports, usually from the Carrier Bag Consortium. A great deal of good information came from these two bodies, but there are a number of inaccuracies amongst the facts presented by each source, so that neither is a totally reliable source of information in this area.

Substitution and Its Impact

We contest most strongly that there will be any significant substitution of polythene with paper. As was seen in Ireland, this simply did not happen. Any substitution would be made at the commodity end (small plain grocer type bags) of the market, where the vast majority of paper bags are made of recycled paper and then are further recyclable.

The most important experience from Ireland demonstrates that there will be virtually no substitution between plastic supermarket checkout bags and paper. In Ireland 95% of these plastic bags disappeared without substitution.

Some substitution is likely in areas such as fashion retailing, but these tend to be bags of equal size & weight to the polythene bags they substitute. Most high street retailers already offer paper bags, albeit not necessarily exclusively, a move driven more by perceptions of better quality, rather than environmental compliance.

Frightening statements have been made regarding vastly increased lorry journeys. (These assume no reduction in bag usage, which we already know will be reduced by over 90%) Ratios of paper bags per load to polythene have also been overstated. Paper bags generally occupy 2 or 3 times the volume of equivalent polythene carriers (claims by CBC mention 35 times!) and this ratio reduces, the larger the bag you compare.

Furthermore, additional paper bags are likely to be manufactured in Scotland or Europe unlike most plastic bags, 99% of which are manufactured in the Far East, imported to Thames Ports and transported to Scotland by road. Plastic bags tend therefore to be transported over much longer distances by road and sea, than paper bags.

Smith Anderson would expect a small increase in jobs to result from the levy (perhaps 15-20). We would not expect widespread job losses in the plastic bag industry in Scotland because this was largely destroyed by cheap imports that began to enter Scotland in the late 1980's. Associated jobs are almost entirely in distribution, which we surmise would transfer to 'Bag for Life' type imports.

Paper and The Environment

Smith Anderson has studied the AEA report and notes that on several key points relating to its comparison of paper to polythene, it is out of date and regionally inaccurate. Being quite wrong in some of its assumptions, its overall conclusions are cumulatively **very** wrong. We were not invited to contribute to the report (despite offering to do so) nor were any of its conclusions checked with us or any other paper bag manufacturer, so far as we are aware.

Within the last decade the paper industry has invested heavily in processes to ensure paper production is environmentally friendly. These include :-

Cleaner water - Smith Anderson invested well over £5 million in an effluent & water treatment plant. This ensures that the water that we take from the river re-enters as clean as it was when it left. Interestingly, due to rainwater 'run off', bore hole usage and the treatment plant, we are in fact a net contributor of water. (in contradiction to the AEA report which suggests otherwise). Eutrophication of water bodies due to paper mill operations has become a thing of the past, due largely to European environmental legislation.

Greenhouse gases – The basic raw material of paper production is cellulose. It is a natural product and does not, as some have said, contribute to an increase in greenhouse gases, because it comes from renewable resources. The millions of hectares of forest cultivated to produce paper pulp are net consumers of greenhouse gases (they are known as 'carbon sinks') and are therefore highly environmentally beneficial. Waste grades collected by Smith Anderson, not mentioned in the impact assessment, negate all the penalties it suggests. (Recycled fibres collected from waste grades negate the need for sustained yield forestation, pulping and the energy demand thus involved.)

Energy use – This is an area surrounded by considerable controversy. Life Cycle Analysis information is scarce and historic, ('Franklin Associates Report' mentioned by the AEA report was conducted between 1981 & 1990) and certainly metered before environmental compliance was so core to the production of paper in Europe. Some European paper mills are now net contributors to their National Grid systems utilising bio-fuel systems.

Paper is a substance made from re-cycled waste fibres or renewable resources. To suggest paper is a material whose production falls behind polythene in overall environmental impact is absurd. As every month goes by, more paper is recycled and so this notion continues to become yet more absurd.

The more paper we are able to recycle, the less we need to send to landfill. Our paper production process utilising recycled waste demonstratively allies itself to the primary aim of the Landfill Directive, namely to put less waste into the ground.

Paper and Litter

The primary goal of the levy is to reduce litter.

Paper bags do not comprise a measurable part of litter. Any bags that do escape from refuse collection or landfill will degrade completely and safely in a very short period of time. This process is accelerated during wet periods.

If paper does escape into the watercourse, it will disintegrate rapidly and is not proven to cause any hazard to wildlife.

Neither of these claims is true of plastic. Not only can it be evident for years or until physically removed to landfill, but also it is highly visible. It is a known hazard to various forms of wildlife.

Degradable plastic doesn't actually biodegrade so much as fragment into smaller constituent parts. It can still remain a hazard to wildlife for a long time.

Summary

Should the Levy Bill pass into law, then we would expect it to be successful in achieving its objective of reducing visible litter.

We do not anticipate that much substitution will result and what little does is expected to be on a like-for-like basis (weight-wise) with the plastic bags it replaces.

Paper has no worse an impact on the environment than plastic and is probably better in this respect. It is not part of the litter problem which the Bill seeks to remedy, and doesn't harm wildlife. It degrades completely.

Most of the paper packaging used in Scotland is made in Scotland from the Scottish waste stream. We already see a growing percentage of it being recycled back into that waste stream.

Including any type of paper bag in the Levy is simply a move against a recycling culture and environmental progress. With respect I would urge the Committee to discount any inclusion of paper in these proceedings.

SUBMISSION FROM SYMPHONY PLASTIC TECHNOLOGIES PLC

1. Symphony is a British Public Company which supplies to the wholesale and retail trade a wide range of plastic products made from conventional and oxo-biodegradable plastic.
2. We do not wish to add to the debate on whether there should or should not be an environmental levy at all on plastic carrier bags. Our contribution is to submit that **if there is to be a levy, it should charge non-degradable plastic bags and paper bags at a higher rate than oxo-biodegradable plastic bags.**
3. The Bill is right not to seek to impose an outright ban on plastic bags, because the benefits of low cost, light weight, strength, imperviousness to gas and water, transparency, sealability, and printability are highly regarded. However, the very strength and durability which makes conventional plastic such a useful and economic material becomes a major problem when disposal is required.
4. The Bill is based on the correct assumption that not all plastic carrier bags can be collected for recycling, incineration or landfill, and that a large number of them will find their way deliberately or accidentally into the open environment. If a levy is introduced, there is little doubt that it would reduce the number of carrier bags supplied to the public, but even if the levy were to reduce the number by 90% **there would still be about 80 million plastic carrier bags supplied in Scotland every year.**¹
5. Most of these bags are at present made from conventional plastic, so they will lie around for decades, blocking sewers and drains, littering the rivers, beaches and hedgerows, floating on the oceans, and causing a danger to wildlife. **There is currently no policy for dealing with bags which cannot realistically be collected. Plastic carrier bags² should therefore be made in future from oxo-biodegradable plastic.**

WHY OXO-BIODEGRADABLE?

6. If collected, oxo-biodegradable plastic bags can be recycled, composted, incinerated with energy recovery, or landfilled, **but if not collected they will degrade and disappear, leaving no harmful residues.** We submit that this Bill, if suitably amended, gives the Scottish Parliament an opportunity not only to **reduce the total number of plastic carrier bags supplied, but also to encourage the public to switch to degradable plastic.**
7. We would not argue that oxo-biodegradable plastic bags should be excluded from the levy altogether, because we acknowledge the intention of the Bill to reduce the consumption of *all* plastic carrier bags, and to raise money for environmental purposes. They should however be **charged at a lower rate** so as to encourage the public to move away from conventional plastic bags and to use degradable ones.

¹ Report by AEA Technology for Scottish Executive Aug 2005 Vol. 1 para. 2

² except perhaps luxury or special bags

8. There are several types of degradable plastic, but the most useful for dealing with litter is known as “**oxo-biodegradable.**”³ This technology introduces an additive into the conventional manufacturing process, and there is little or no additional cost involved. It has the same strength and other characteristics during its useful life as conventional plastic.
9. The plastic will be **consumed by bacteria and fungi** after the additive has reduced the molecular structure.⁴ Degradation needs air, and is accelerated by heat, and/or light and/or stress, so it will proceed more quickly in the open where the bag is exposed to sunlight, wind, and waves. An oxo-biodegradable plastic bag is unlikely to float across the ocean to any foreign shore as it will have totally degraded long before it would otherwise have arrived.
10. Degradation continues until the **plastic has biodegraded to nothing more than CO₂, water, and humus (biomass).** It does not leave fragments of petro-polymers in the soil, it does not emit methane under aerobic nor anaerobic conditions, and it does not contain organo-chlorine. Symphony’s oxo-biodegradable bags are being bought and distributed by the **UK Soil Association**, and used for direct contact with organic food products. They have been certified⁵ safe for long-term contact with any food type at temperatures up to 40°C.
11. **The length of time an oxo-biodegradable bag will remain serviceable** can be “programmed” into it at manufacture, according to the purpose for which it is intended. The bags can be supplied in vacuum-packs away from contact with air, and will not begin to degrade until the packs are opened and the product is put into use.

PERCEIVED DISADVANTAGES

12. Oxo-biodegradable plastic bags have been supplied to the public for more than three years, and there is **no evidence that people dispose more carelessly of degradable than conventional bags**, but suppose for the sake of argument that 10% more were discarded. If 1,000 conventional and 1,100 oxo-biodegradable bags were discarded and uncollected, 1,000 conventional bags would remain in the rivers, streets and fields for decades, but none of the oxo-biodegradable bags would be left at the end of the life programmed into them at manufacture.
13. It is sometimes said that since degradable plastic is intended to degrade, it runs counter to the idea that waste products should be **reduced, re-used and recycled.** We do not agree. Plastic waste, whether degradable or not, can be *reduced*, and this Bill is one way of doing it. Oxo-biodegradable carrier bags can be *re-used* during their useful life, and are often employed as bin liners after being used to bring the shopping home.
14. **Oxo-biodegradable plastic can be recycled.** There is no need to separate it from the normal plastic waste stream because, during the cleansing, separation and re-extrusion

³Oxo-degradation is defined by TC249/WG9 of CEN (the European Standards Organisation) as “degradation identified as resulting from oxidative cleavage of macromolecules.” And oxo-biodegradation as “degradation identified as resulting from oxidative and cell-mediated phenomena, either simultaneously or successively. The fragments will *always* degrade biologically in an environment where bacteria and air are present. Also, oxo-biodegradable plastic does not contain “approx. 3% content of heavy metals” – typically it contains *0.05 - 0.1% of a non-toxic metal salt or complex.*”

⁴ We do not agree with the description of oxo-biodegradable plastic as “bioerodable” at Vol. 1 page 4 of the AEA Report. “All biodegradable plastics start to degrade by bioerosion, because micro-organisms cannot enter the bulk of the plastic until the surface has been modified by either oxidation or hydrolysis. ‘Bioerosion’ is defined by prCEN/TR 15351 as ‘faster degradation at the surface than inside resulting from biodegradation’

⁵ RAPRA cert no. SYP01A 15th March 2005. Compliant with European Directives 2002/72/EC (as amended 2004/19/EC).

process degradation is arrested, and the recycled plastic reverts to the properties of conventional plastic.

15. “Oxo-biodegradable plastics can also be **recycled by composting**. The resulting compost is a valuable resource for farmers and growers, and since oxo-biodegradable plastic (unlike the starch-based alternative) releases its carbon slowly, it produces high quality compost.⁶
16. Commercial “in- vessel” composting, where the temperature rises to 70°C or above is ideal and the recent introduction of smaller-scale externally heated systems has also made this possible for community composting. The products from these systems are sanitised and suitable for sale to the public. “Windrow” composting does not reach the required temperature for sterilisation and will probably not be permitted in the future for sale due to the recently introduced Animal by-products Regulations (ABPR). Home composting is rapidly expanding in many European countries and is currently under evaluation in Europe⁷ as a means of recovering biodegradable plastics. The time cycle for home composting is generally two years at lower temperatures and as the product is not sold, home composting is permitted at present under the ABPR.”
17. It is not of course acceptable to apply conventional plastics to the soil even if they are fragmented, since physical shredding alone does not transform plastic into a biodegradable product. However, the properties of peroxidised and embrittled oxo-biodegradable plastic are quite different from those of the original plastic. **The transformed plastic behaves in the same way as nature’s wastes.** It is bio-assimilated by the same bacteria and fungi, and they transform the degraded plastic to cell biomass. Oxo-biodegradable plastic will degrade even in the absence of light and water.
18. The resulting compost passes all the usual **ecotoxicity tests**. These include seed germination, plant growth and organism survival (daphnia, earthworms) tests carried out in accordance with DIN V 54900-3, ON S 2200 and ON S 2300 national standards. It should be noted that trace-elements such as those used in the additive are necessary for healthy plant and human growth.
19. The argument sometimes heard that oxo-biodegradable plastics are undesirable because they are designed to be “**deliberately and totally lost**” is a fallacy, because if people want to incinerate with energy recovery, or mechanically recycle them, or compost them, or re-use them, or landfill them, then they can. The key point is what happens to the plastic which is *not* collected, and gets into the environment as litter? It is far better for it to degrade than to lie around in the environment for decades, blocking watercourses, and disfiguring the countryside.
20. In any event it is not “lost” - it degrades to cell biomass, which becomes part of the “land carbon sink” fertilising the soil for plant growth.”
21. **If oxo-biodegradable bags were eaten** by a cow, deer, or other animal whilst still intact, the temperature and stress in the gut would accelerate the degradation process, and if eaten when already brittle they would quickly break down into small particles. Any ingested oxo-biodegradable bags would not adversely affect the milk or meat. Conventional bags would be much more likely to cause a cumulative blockage which could kill the animal.

⁶ See 11th September 2003 Report to the Australian Government by the Nolan-ITU Consultancy

⁷ I. Jakubowicz, SP Swedish National Testing and Research Institute, Polymer Technology, 2005-09-02, submitted to CEN TC 249/WG9 as a Work Item.

22. **If collected and sent to landfill**, oxo-biodegradable plastic will not cause problems. Under aerobic conditions it will not emit methane and cannot therefore be treated as if it were organic waste. When deep in a landfill where conditions may be anaerobic the plastic will become inert, as if it were a conventional plastic bag, and provide stability.
23. **Oxo-biodegradable plastics are made from a by-product of oil refining**, and oil is of course a finite resource, but this by-product arises because the world needs fuels and oils for engines, and would arise whether or not the by-product were used to make plastic goods. Unless the oil is left in the ground, CO₂ will inevitably be released, but until other fuels and lubricants have been developed for engines, it makes good environmental sense to use the by-product, instead of wasting it by “flare-off” at the refinery and emitting CO₂ to atmosphere at that stage.
24. We agree with the AEA Report⁸ that **paper bags are not a preferred alternative** to plastic bags, and that numbers in circulation would substantially increase if excluded from the proposed levy. They should therefore be included in the levy. The process of making paper bags causes 70% more atmospheric pollution than plastic bags. Paper bags use 300% more energy to produce, and the process uses huge amounts of water and creates very unpleasant organic waste. When they degrade they create methane and carbon dioxide, both of which are greenhouse gases. **The AEA Report⁹ points out that methane is 23 times more potent for global warming than CO₂.**
25. A stack of 1,000 new plastic carrier bags would be around 2 inches high, but a stack of 1,000 new paper grocery bags could be around 2 feet high. It would take at least seven times the number of trucks to deliver the same number of bags, **creating seven times more transport pollution and road congestion**. Also, because paper bags are not as strong as plastic, people may use two or three bags inside each other. Paper bags cannot normally be re-used, they become rapidly unhygienic, and will disintegrate if wet.
26. **Long-term re-usable shopping bags** are not the answer either. Shoppers do not always go to the shop from home, where the re-usable bags would normally be kept, and consumers are unlikely to have a re-usable bag with them when buying on impulse items such as clothing, groceries, CDs, magazines, stationery etc.
27. Long-term re-usable bags are much thicker, heavier and more expensive, and a large number of them would be required for the weekly shopping of an average family. They are not hygienic unless cleaned inside after use. Whilst sometimes called “Bags for Life” they have a limited life, depending on the treatment they receive, and become a very durable form of litter when discarded. However, if they were **not subject to the proposed levy their use would be encouraged. They can even be made from extended-life oxo-biodegradable plastic.**

RATE OF LEVY

28. We submit that oxo-biodegradable bags should be charged at **half the rate of levy** charged on conventional plastic and paper bags. In order to qualify for the lower rate, oxo-biodegradable bags would need to bear an official stamp (printed at manufacture) to show that they had been tested by a recognised research establishment (at the manufacturer's expense) and shown to be capable of degrading in the open environment within a specified period of time, without leaving harmful residues in the soil or water, and without emitting methane.

⁸ Report by AEA Technology for Scottish Executive Aug 2005 Vol. 1 - pp vii, 3, 13, 24, 30, 31, and 48

⁹ Vol. 2 Page 34

29. We do not think a lower rate of levy would cause difficulties for retailers. Their till software would have to be adjusted in any event to provide for the levy, and it is a simple matter to programme two rates into the system. To make it particularly easy to distinguish oxo-biodegradable bags at the checkout, the retailer could buy them in a distinctive colour.
30. We would submit that only **oxo**-biodegradable bags should qualify for the lower rate of levy. We say this not just because we manufacture oxo-biodegradable bags, but as compared with **hydro**-biodegradable (starch-based) bags¹⁰ they have the following essential characteristics:
- a. They will degrade in any outdoor or indoor environment, even in the absence of water. Most of the hydro-biodegradable plastics need to be in a highly microbial environment such as a compost heap before they will degrade.
 - b. Hydro-biodegradable plastic emits methane when it degrades, but oxo-biodegradable does not.
 - c. Oxo-biodegradable plastic can be programmed at manufacture to degrade within a specified timescale. The rate of degradation of hydro-biodegradable plastics cannot be predetermined.
 - d. Oxo-biodegradable plastics are stronger and more versatile, and are much cheaper
 - e. As oxo-biodegradable plastic can be made with the same workforce and machinery as conventional plastic there would be no loss of manufacturing jobs.
 - f. Oxo-biodegradable bags are thinner, and use less space to store and transport, and less material to produce
 - g. Oxo-biodegradable bags can be recycled in conventional equipment and at normal processing temperatures with plastic wastes normally associated with them in the waste stream, and can themselves be made from recycle. Hydro-biodegradable bags cannot.
 - h. Hydro-biodegradable plastics manufactured from crops have greater impacts upon eutrophication due to the application of fertilizers to land.¹¹

LEGISLATION IN OTHER COUNTRIES.

31. Although the Irish Government missed the opportunity to encourage or require a move to oxo-biodegradability, by not imposing a higher tax on non-degradable plastic bags, action has been taken by a number of other Governments around the world.

32. **Malta** charges a lower tax on bags made from degradable plastic. **Barbados** charges 60% import surtax on non-degradable plastic bags but only 15% on degradable plastic bags.

33. In the Delhi Capital Territory **India**, legislation makes the use of non-biodegradable plastic bags a punishable offence. **Mauritius** has banned the import or local manufacture of non-

¹⁰ starch-based carrier bags are not readily available in the UK (AEAT Report p. 3). Starch-based plastics are alone sometimes known as "bioplastics" but both types of biodegradable plastics are in fact bioplastics.

¹¹ "The impacts of degradable plastic bags in Australia" prepared by ExcelPlas/ Nolan-ITU on 11 September 2003 for the Australian Government - at para 7.3

degradable plastic bags, and has specified that **only oxo-biodegradable can be considered degradable.**

34. In the **European Union**, the then Environment Commissioner, Margot Wallström, said, in a letter to the Irish MEP Avril Doyle on 18th February 2002 that “it would be consistent with the spirit of Community environment policy and legislation if a member state applying a plastic bag tax were to decide to adopt a more beneficial tax rate in relation to biodegradable carrier bags.”

SUBMISSION FROM BIOBAGS (SCOTLAND) LTD

Effect of the proposed levy on those involved in the manufacture or supply of plastic bags or alternative materials: compostable bags.

Firstly we would like to state that we support the proposed levy and hope that the Scottish Parliament will by passing this bill demonstrate a real and practical commitment to changing public attitudes to waste, litter and packaging.

Political decisions made in Scotland on these issues will probably have a knock on effect in the rest of the UK, just as other important environmental and social legislation has, such as free care for the elderly, the ban on smoking in public places, and the dog fouling act. It is therefore important that Scotland uses this opportunity to lead the way also in this issue.

Secondly, we appreciate that the Extended Impact Assessment (EIS) takes a whole life approach to evaluating the effects of the proposed levy on the environment and on waste management. However, the report has significant shortcomings in that it has not followed through all the potential effects and it has only evaluated paper bags as an alternative to plastic bags.

We will therefore attempt through this statement to inform about the compostable carrier bags alternative (see text boxes below) and the effects these can have on the environment and waste management. We will also try to show why an exemption to the levy for compostable carrier bags could encourage a reduction of other plastic packaging and encourage new and sustainable alternative products and services.

What BioBags are: The committee, report authors and consumers are all familiar with traditional mineral-oil based plastic carrier bags and cellulose based paper bags, and the report has restricted itself to evaluating these two materials. This restriction is unfortunate because there also is a range of compostable carrier bags available based on renewable resources such as starch, and there has been considerable confusion amongst even professionals on the differences between degradable, biodegradable and compostable film carrier bags.

To give the committee some background on these issues and compostable carrier bags we therefore include the short summaries below.

Degradable vs. Biodegradable vs. Compostable Plastics

It is important to make the distinction between the 3 categories, as often these terms are mistakenly used interchangeably.

“Degradable plastics” are plastic which will degrade under specific conditions. Most are made of modified polyethylene with various additives to promote disintegration including some heavy metals. The additives help weaken the bonds between the plastic polymers as a result of physical/chemical conditions and stress such as mechanical, photodegradable (daylight), hydrolysis, and oxidation.

“Biodegradable plastic” is plastic which will degrade from the action of naturally occurring microorganisms, such as bacteria, fungi etc.

“Compostable plastic” is plastic which is capable of undergoing biological decomposition in composting conditions such that the plastic is not visually distinguishable and breaks down to carbon dioxide, water, inorganic compounds, and biomass at a rate consistent with known compostable materials (e.g. cellulose), and leaves no toxic residue.

A plastic may be degradable, but not biodegradable, or it may be biodegradable but not compostable. All compostable plastic is also biodegradable and degradable. To claim compostability a bag or film must have certification according to relevant standards such as EN-13432. This standard also ensures that there is no detrimental effect of the plastic on the composting process, final compost quality, or the environment.

Bioplastics are a new generation of biodegradable & compostable plastics, derived from **renewable raw materials** such as starch (e.g. corn or potato), cellulose, soy protein, lactic acid etc., These are not hazardous in production and decompose back to carbon dioxide, water, biomass etc. in the natural environment if discarded. **MaterBi** (main component corn-starch and vegetable oils), and PLA (poly lactic acid, e.g. **Polyactide** are the main resins (raw materials), being used today in the production of biodegradable & compostable plastics.

To promote the use and recycling of bioplastics via composting, a **Compostable Plastics Group UK** has been formed comprising representatives of the supply chain for **biodegradable polymers**. Compostable products are available in a variety of forms including a water-soluble alternative to polystyrene, rigid packaging for fast foods and disposable tableware made from cellulose, wood and palm leaves.

BioBag products

BioBags (Scotland) Ltd. is the licence holder for sales in Scotland of **BioBag™** products from Polargruppen AS in Norway. Polargruppen is the world's leading manufacturer of 100% biodegradable and compostable cornstarch-based products made from the patented raw material **MaterBi**. All **BioBag™** products are **certified compostable** according to the relevant harmonised EU norm (BS) **EN13432:2000** (requirements for packaging recoverable through composting and biodegradation”.

MaterBi is made from an annually renewable resource: industrial quality maize and is **certified GMO-free**. It has been developed by the Italian company **Novamont** supply a sustainable alternative to mineral oil based plastic.

In developing the different film types and applications, Novamont have developed tools for **Life Cycle Analysis (LCA)** and **Environmental Product Declaration (EPD)**. This work has been internationally recognized and Novamont was awarded a prize at the Johannesburg summit for Commitment to Sustainable Development. **Life Cycle Analyses comparing MaterBi to plastic and paper bags for the same use, show that MaterBi based bags have a significantly lower environmental impact.** The analyses include all the usual parameters for comparison such as energy use, water use, raw materials and any polluting effects throughout the manufacturing process and through to disposal and recycling. The EIS did not consider LCA for compostable bags and implied that supplies of the GM-free raw material were too limited for them to be evaluated as an alternative to plastic carrier bags. This may be the case if compostable bags were to replace all plastic carrier bags currently in use. However, the aim of the proposed levy is to reduce disposable bag use and encourage the use of re-usable solutions. The need for disposable carrier bags is therefore expected to be for a significantly smaller volume and typically for impulse shopping (such as in tourism) and where branding is important (such as for high price class goods). There is enough GM-free raw MaterBi available for these purposes and no doubt enough raw material for other compostable bag types.

Technical properties and uses of MaterBi bags.

MaterBi has technical properties that differentiate them from plastic and paper and make them suitable for a range of products and uses.

MaterBi film products have a high tensile strength and a high permeability to water vapour compared to similar plastic and paper products. This high water evaporation through the film (resulting in a weight loss of up to 45% over 1 week) makes it particularly suitable for the collection and transport of biodegradable waste.

MaterBi garden waste bags (or carrier bags) filled with garden waste can be composted directly without emptying and this avoids both emptying work and the problem of land-filling soiled plastic bags / bin liners.

The drying out of the waste has several advantages:

- significant weight reduction reduces the economic and environmental costs of transport if collected through a local authority scheme (saves truck journeys).
- smells and leachate from e.g. fresh grass cuttings is avoided along with the problems they give both householders and refuse workers when green waste is collected in wheeled bins or plastic bags.

The same advantages are achieved when MaterBi bags are used for collecting segregated food waste from households. BioBags used with ventilated kitchen baskets are widely used in Europe to collect high qualities and quantities of food waste from satisfied householders. Such collection systems are a significant factor in achieving and sustaining the local authorities sustainable waste reduction and recycling targets.

Why we support the bill.

BioBags (Scotland) Ltd. was formed in 2001 after the directors moved to Scotland from Norway and realised that some of Scandinavia's experiences could help Scotland reach its waste reduction and recycling targets efficiently using sustainable solutions.

Both directors have research degrees in marine biology and work experience including health, safety and particularly environment issues in the aquaculture and oil industries as well as in waste management and environmental technology. We are well aware of the problems caused by plastics to aquatic life such as mammal and bird kills at sea and the effect of oestrogen disrupters in freshwater. We have long advocated the introduction of a plastic carrier bag levy such as we have experienced in Norway and Denmark since the 1970s where the effect on littering has been significant.

Waste reduction implies that materials and resources should in principle be used only when needed and where suitable. Traditional plastic film based on a non-renewable and valuable resource (mineral oil) is light, durable and moisture-proof, making it suitable for a range of products where these properties are needed. It is, however, a waste to use such film in disposable products for short-term use - such as carrier bags.

Plastic carrier bags are especially wasteful because: re-use is limited; there is a relatively high transport and processing effort required for recycling; energy recovery facilities are limited and controversial; free plastic carrier bags do nothing to change behaviour and raise public awareness of waste and resource issues. There are other important principles and reasons for us supporting the introduction of a levy and the reduction of plastic bag use:

“Polluter pays” and “Fair competition”.

Environmental taxes like the proposed levy help internalise the environmental costs of a product to society and help consumers as well as suppliers and authorities to demonstrate and realize these costs (related to waste, resource and litter management, as well as to production and transport). In the case of carrier bags, the cost of traditional plastic bags is based primarily on world oil prices (and are at present unrelated to environmental costs).

Environmental taxes allow realistic competition for products that have higher production costs due to e.g. higher raw material costs or more complex production processes, but lower environmental costs. This is applicable when comparing compostable carrier bags to plastic bags. If a levy of 10p per plastic bag is introduced but compostable bags are made exempt, then the consumer can have the choice of a plastic or a compostable bag for about the same price.

This situation will also help small traders in competition with large retailers: if a trader only supplies only compostable bags it will save them (and their local authority) the administrative work of reporting and administering the levy.

Also, MaterBi “breathable” and compostable bags are especially suitable for using with fresh food and plants from e.g. farmer’s markets, organic / local produce suppliers and gardening outlets (where food and plants are often bought unwashed and thankfully without other packaging. The proposed levy would give these typically small and seasonal traders the opportunity to charge for compostable bags that are fit-for-purpose both as carrier bags then for storage and later for composting.

Supplying compostable bags also compliments and highlights the environmental principles behind these traders. For these reasons we currently sell compostable carrier bags to such traders and have had serious enquiries from many more. However, because the price of e.g. organically produced food is already higher than other food, the traders’ profit margins are low, and customers expect free carrier bags, many cannot afford to supply compostable bags. An example of this is the Royal Botanic Garden in Edinburgh who wish to eliminate plastic carrier bag use and supply compostable bags alongside re-usable jute bags. The RBGE represents a combination of typical tourist shop and gardening shop. The National Trust for Scotland is another, and we have had enquiries from other typical Scottish tourism attractions where “impulse” shopping is encouraged and where environmental profiling is important. Examples include whisky distilleries and businesses under the Green Tourism Award Scheme

We have also discussed producing a generic print compostable carrier bag for the organically / locally produced food and plant sector that could give suitable information on the sector, its produce and support organizations. The proposed levy would allow such carrier bags to be produced and introduced in larger quantities and therefore for lower prices.

“Precautionary principle”

We do not know the long-term effects of the “unseen” pollution of our environment with microscopic pieces of plastic. Recent studies have shown that tiny plastic fragments are now ubiquitous and accumulating in the sediments and water column of the seas. This wide-spread plastic pollution is the consequence of only a few decades of plastic use into an environment and organisms evolved over millennia to cope with only natural materials. To quote the lead author of one study: *“Given the durability of plastics and the disposable nature of many plastic items, this type of contamination is likely to increase. Our team is now working to identify the possible environmental consequences of this new form of contamination. One concern is that toxic chemicals could attach themselves to the particles which would then help to spread them up the food chain”.*

We are particularly concerned that the relatively recent introduction of some types of “degradable plastic” can actually accelerate the increase of microscopic plastic fragments to the environment. We are therefore likely to experience similar problems in the terrestrial ecosystems as re already well documented in the marine

ecosystems, and experience even small land and freshwater animals being killed due to ingesting plastic fragments.

In addition, some degradable plastics have been shown to adversely affect the composting process and in their breakdown release heavy metals far in excess of the acceptable limits. Composting facilities have experienced serious problems with degradable plastic contamination of the end-product and with air-borne degradable plastic spreading to surrounding areas requiring “plastic-picking” for the facilities over longer time.

These problems arose from the marketing of degradable plastic as biodegradable and compostable. As mentioned above there is still confusion about these definitions even though the introduction of carrier bags in this material is a breach of the European Packaging Regulations and also represents misleading advertising and unfair competition - unless compliance to the EN 13432 is shown.

Supporting composting industry and EU Directives and national regulations

To meet EU Directives and nationally defined goals, the Scottish Executive is committed to increasing recycling rates and to diverting biodegradable waste from landfill. Composting is a process that can help achieve both these aims and the composting industry has been identified by the Scottish Executive as a major player in waste management. Composting can also practically reduce waste by treating biodegradable waste as a resource rather than a waste, and through the application of compost in farming help meet other targets related to e.g. the Soil Directive.

In-vessel composting is also necessary to comply with the Animal By-Product Regulations that soon require that all catering waste that cannot be guaranteed to be meat-excluded must be treated under strict conditions. As identified by many in connection with the hearing on the proposed levy, plastic bags are a lesser litter problem than the discarded food packaging from fast food etc. According to the ABPR all such food packaging should be composted and unless the food packaging is compostable this will be difficult to achieve. If the packaging is non-compostable then soiled plastic food packaging will end up in landfill as it cannot be cleaned and recycled easily.

The food production and supply industries can benefit from using compostable aprons and gloves, tableware and packaging. Just as householders experience easy and hygienic collection of food waste, so are resources saved such as hot water and detergent for washing containers and the discharge of high BOD water is also reduced.

If compostable carrier bags are excluded from the levy then the whole profile of composting and compostable packaging materials will be raised and the current confusion between compostable and non-compostable material avoided. The German government has recently done this by modifying its packaging regulations to favour compostable bio-sourced plastics in order to seed the market for compostable bioplastics. Where some jobs in plastic bag production may go, other jobs in the new compostable packaging sector will increase. One visible result could be that T-in-the-Park will be encouraged to do the same as the Glastonbury

festival and demand compostable food packaging for all food consumed. Compost will be the result rather than waste food and packaging to landfill.

Compostable bags are also more suitable for other uses where the plastic carrier bags are often used. For example, dog waste bags (they fill pockets and the dog waste bins less and if discarded will biodegrade in the environment), and bin liners (in the appropriate size and strength).

In preparing this statement we have consulted with **RAGS** (Recycling Advisory Group for Scotland) where we are one member amongst many - including the charity sector. Unfortunately, due to reorganization and other problems, RAGS did not manage to respond to the consultation earlier. However, the aim of RAGS and is to support sustainable development in the recycling sector and we see the levy as potentially a very influential bill helping to change the way in which the entire population considers the environment by forcing a change in our daily habits. This presents an opportunity to promote a more sustainable Scotland to an audience who may not otherwise feel the issues of recycling and sustainability to be relevant to them.

Although the extended impact assessment does highlight some very real concerns of a levy on retail particularly during the short term, we feel that benefits to be gained in raising awareness of recycling and sustainability are such that it is worth investing to overcome the problems identified. One of the main concerns is how small traders (and in particular charity shops) will be able to provide a cost effective alternative to plastic carrier bags. Currently, many of the larger supermarkets offer a more robust "bag for life" as an alternative to disposable carrier bags. However, such bags are charged for by the supermarket and carry their own branding.

As a consequence, it is fair to say that the "bag for life" solution has only been received with limited enthusiasm by the general public and they are not in widespread use (the limited uptake is of course also influenced by the availability of the thinner free plastic carrier bags). The proposed levy offers the opportunity to use revenue generated to subsidize a universal reusable bag or "bag for life", that could be issued free to the public during the transition period.

This should help to overcome some of the short term problems anticipated by charity shops for both collection of donations and sales from shops. It also opens the market for each charity to offer an own design reusable bag to advertise itself. Considering that the main benefit to be gained from the levy is one of increased public awareness, such universal or own-design bags could be used to advertise appropriate recycling information on them and any such bag must itself be exempt from the levy. There is a range of materials suitable for reusable and "bag for life" solutions including biodegradable and compostable materials such as jute and MaterBi.

Final comments: we thank the committee for the invitation to witness but have to express disappointment that we are the only company invited from the compostable bag sector. We are just one micro-business representing one bioplastic material - at the import/marketing level - whereas the plastics sector is represented by several large companies from the manufacturing level through to

sales and even consortium representation. The limited representation for compostable bags is especially serious considering the report's failure to evaluate them as an alternative to plastic bags. We hope that the information given above helps redress this situation and we can supply references to give further information if needed.

Environment and Rural Development Committee

Finance Committee Guidance to Subject Committees

**Budget Process 2006-07– Draft Budget Guidance to Subject
Committees: Paper by the Budget Adviser**

1. The Budget process this year is a shorter one, in the absence of a Stage One. This is by agreement with the Executive to align the Scottish process with the annual Spending Reviews at Westminster. The Finance Committee is currently considering the implications of the postponement of the 2006 Spending Review for next year's process.
2. As the strategic choices are exercised in Spending Review years, this year's process should focus on changes to the expenditure plans agreed last year. There is, therefore, no need to ask for spending recommendations for additional funding, but Committees may wish to consider whether the pattern of expenditure within its portfolio is acceptable, or whether it wishes to recommend transfers between programme budgets within its portfolio.
3. The signals from the Treasury imply a tightening of the fiscal climate by 2008. Subject Committees may therefore wish to use their evidence session with Ministers to probe their thinking about priorities – as it is clear from the Draft Budget that portfolios list far too many priorities to be meaningful and a more systematic and rigorous approach to priority-setting will be required if resources become constrained.
4. A new development in the current Draft Budget is the use of efficiency savings to reallocate resources. Parliament has now received a full set of cash-releasing efficiency savings with budgetary implications and it would be helpful to have Subject Committees' views on these. Time-Releasing Savings Technical Notes are also available, but for the purpose of the budget exercise, Committees should focus on the cash-releasing projects. The attached note on Efficient Government explains the current position (FI/S2/05/17/3).
5. With these comments in mind, the Finance Committee would welcome responses from the Subject Committees on the undernoted key questions:
 - a) Is the Committee satisfied with the responses from Ministers to its recommendations for the 2005-06 Draft Budget?
 - b) Does the Committee wish to raise any matter regarding the changes to spending plans referred in the 'New Resources' section?

- c) Does the Committee wish to recommend any specific changes to programme budgets within the portfolio? If so, which programmes should be increased and why, and which programmes should be reduced to fund such changes?
- d) Is the Committee content with the Statement of Priorities set out in its portfolio chapter?
- e) Is the Committee content with the efficiency proposals identified for its portfolio? Are there projects to promote efficiency that the Committee would like to see considered by the Executive?
- f) Further to the above, each chapter contains information regarding departmental contributions to cross-cutting priorities. Does the Committee wish to make any comments on this information?

Professor Arthur Midwinter
September 2005

**Finance Committee Update on Efficient Government:
Report by the Budget Adviser**

1. Further to the previous discussion regarding the form of efficiency savings, the Executive has now clarified the position for the Committee. There are two types of savings, one in which the efficiency assumptions were built into budget baselines in the Spending Review settlement; and the other in which there is a savings target which is not built into a budget baseline, which departments are free to redirect into frontline services once the saving is made.
2. There are £201m of the first category of cash savings in the local government settlement, and £125m of target savings which can be redirected to frontline services.
3. In the Health portfolio, the NHS efficiency savings (H/C 7) of £90m over three years (1% of NHS Boards spending) is in the first category. The other health savings are all in the second category.
4. Thirdly, there was a cash efficiency saving built into the Scottish Prison Service budget of £10m.
5. In addition, there are a number of small projects which contribute cash savings in the Spending Review Settlement. These are:
 1. EYP/C3 savings on EYP Central Government Expenditure of £9.8m
 2. J/C1 Fire Central Government of £0.1m
 3. Administration savings of £8.4m

In each of these three cases, budgets were “flatlined” in the Spending Review, constituting a real terms cut and these savings contribute to meeting that reduction. Not all of the savings in the Administration Budget are efficiency savings, and some £5.6m additional savings were made by reducing spending in areas where less resource is required. These are not efficiency savings and have not been included within the total.

6. This makes a total of £319.3m of cash savings built into budgets. The Executive has said these savings have been realigned within portfolios and generally within programme budgets, towards front-line services. This leaves £411.7m as targets available for redirection to frontline services. As with the efficiency savings in total, local government again bares a disproportionate share of the first category of savings at 63% - nearly twice its share of the budget. This leaves £125m which could be used to reinvest in frontline services.

Table 1 – Efficiency Savings Built Into Spending Review Plans

EYP/C3	Savings from EYP Central Government Expenditure	£9.8m
FBSR-LG/C1	Assumed Local Government Efficiency Savings	£168.3m
FPSR-LG/C3	Common Police Services	£5.5m
FPSR-LG/C4	Efficiencies in Supporting People Programme	£27.0m
H/C7	NHS Efficiency Savings	£90.0m
J/C1	Fire Central Government	£0.1m
J/C5	Efficiency Savings in SPS	£10.0m
A/C1 to A/c5	Scottish Executive Administration Budget	£8.4m
TOTAL		£319.1m

Professor Arthur Midwinter
Budget Adviser

DRAFT BUDGET 2006-07 – ENVIRONMENT AND RURAL DEVELOPMENT COMMITTEE

JIM DEWAR

This briefing has been prepared to assist the Scottish Parliament's Environment and Rural Development Committee in its scrutiny of the Draft Budget 2006-07. Consideration is given to trends over the period 2002-08, changes in the planned spend since last year, efficiency savings, and actions being taken across all portfolios to achieve sustainable development.

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CONTENTS

INTRODUCTION	3
ENVIRONMENT AND RURAL DEVELOPMENT SPENDING PLANS 2002-08.....	3
TRENDS IN SPENDING PLANS 2002-08.....	3
CHANGES IN REAL TERMS SPENDING BETWEEN 2005-06 AND 2006-07	5
CHANGES IN SPENDING PLANS FOR 2006-07 SINCE LAST YEAR	5
THE EFFICIENT GOVERNMENT INITIATIVE.....	6
OBJECTIVES AND TARGETS	10
CROSS-CUTTING THEME: SUSTAINABLE DEVELOPMENT.....	10
SOURCES	12

INTRODUCTION

Last year's [Spending Review 2004](#) (Scottish Executive 2004a) set out the Executive's spending plans for the next three financial years to 2007-08. These plans were finalised in '[Draft Budget 2005-06](#)' (Scottish Executive 2004b). '[Draft Budget 2006-07](#)' (Scottish Executive 2005a), published on 6 September 2005, updates the Executive's plans, based largely on the new money coming to Scotland as a result of the [UK Budget of 16 March 2005](#) (HM Treasury 2005).

The 'Draft Budget 2006-07' shows Total Managed Expenditure (TME) across all portfolios increasing from £27.4bn in 2005-06 to £29.2bn in 2006-07 and £30.7bn in 2007-08, real terms increases of 3.8% in 2006-07 and a further 2.3% in 2007-08. Compared with last year's Draft Budget, spending plans show relatively little change to the figures presented last year.¹ TME (in total across all portfolios) compared to last year increases by £151m in 2005-06, £217m in 2006-07 and £214m in 2007-08.

The next UK Spending Review has been postponed until 2007. As a consequence, the Minister for Finance and Public Service Reform stated in the foreword to the Draft Budget 2006-07 that the Executive will consider its approach to the budget process in the interim period with the Finance Committee.

The Executive's Efficient Government Plan '[Building a Better Scotland – Efficient Government – Securing Efficiency, Effectiveness and Productivity](#)' (Scottish Executive 2004c) was launched in November 2004. [Efficiency Technical Notes March 2005](#) (Scottish Executive 2005b) gave details of how it expected to achieve efficiency savings. These notes were updated (with some programmes being added and others revised) in September with the publication of '[Efficiency Technical Notes September 2005](#)' (Scottish Executive 2005c). The five technical notes relating to Environment and Rural Development (ERD), one for Scottish Water and one for the administration of Common Agriculture Policy Schemes are considered below under the heading of 'The Efficient Government Initiative'.

ENVIRONMENT AND RURAL DEVELOPMENT SPENDING PLANS 2002-08

Table 1 sets out the planned spend in current prices over the 6 years from 2002-03 to 2007-08 by Level 2 heading. Table 2 shows the spending plans expressed in real terms at 2005-06 prices. Figures have been rounded to the nearest £0.1m.

TRENDS IN SPENDING PLANS 2002-08

The main trends in spending in real terms over the period from 2002-08 are

- total planned ERD spend increases over the period by £76m (6.4%), which compares with an increase in TME across all portfolios of 26.1%. ERD's share of total spend thus declines from 5.1% in 2002-03 to 4.3% in 2007-08
- planned spending on Water will have declined by £130m (-40%), on Fisheries by £17m (-23%) albeit from a high base, on Forest Enterprise Scotland by £33m (-40%), though this is in part due to accounting changes, and on CAP Support by £11m (-3%)
- all other Level 2 programmes will have increased, of which the most significant in money terms are Environment Protection (£182m, 386%) and Forestry Commission Scotland (£32m, 125%). [MB1]

¹ It states that the "plans are largely the same as those published in 'Draft Budget 2005-06', with explanations given for any significant changes" (Scottish Executive 2005a, p 7).

Table 1 Categories of spending (Level 2)

£m	02-03 Budget	003-04 Budget	04-05 Budget	05-06 Budget	06-07 Plans	07-08 Plans
Water	302.3	255.7	200.8	181.0	204.8	204.8
Natural Heritage	58.2	64.8	67.6	70.5	76.2	81.2
Environment Protection	44.0	81.1	158.4	191.8	215.7	242.1
Research and Sustainable Action	3.6	5.1	4.2	4.0	5.0	6.0
Rural Development	124.3	135.6	136.3	148.1	160.2	160.2
Agricultural and Biological Science and Other Agricultural Services	94.2	119.0	136.2	108.9	125.3	127.0
Fisheries	69.6	50.5	47.7	80.6	60.3	60.6
Forestry Commission Scotland	23.8	23.9	24.9	49.9	57.7	60.7
Forest Enterprise Scotland	56.3	49.2	51.2	31.7	28.7	28.7
CAP Support	325.4	340.3	371.6	416.2	348.0	357.0
Total	1101.7	1125.3	1198.9	1282.6	1281.8	1328.3

Table2: Categories of spending (Level 2 real terms) at 2005-06 prices

£m	02-03 Budget	03-04 Budget	04-05 Budget	05-06 Budget	06-07 Plans	07-08 Plans
Water	324.7	267.6	205.8	181.0	199.4	194.2
Natural Heritage	62.5	67.8	69.3	70.5	74.2	77.0
Environment Protection	47.2	84.9	162.3	191.8	210.0	229.6
Research and Sustainable Action	3.9	5.4	4.4	4.0	4.9	5.7
Rural Development	133.5	141.9	139.7	148.1	156.0	151.9
Agricultural and Biological Science and Other Agricultural Services	101.2	124.5	139.6	108.9	122.0	120.5
Fisheries	74.7	52.9	48.9	80.6	58.7	57.4
Forestry Commission Scotland	25.6	25.0	25.5	49.9	56.2	57.5
Forest Enterprise Scotland	60.5	51.5	52.5	31.7	27.9	27.2
CAP Support	349.5	356.1	380.9	416.2	338.9	338.5
Total	1183.2	1177.5	1228.9	1282.6	1248.1	1259.4

The trends are consistent with policies for a transfer of support away from production activities to Rural Development and Environment Protection although CAP Support remains the largest single Level 2 budget line and the reduction in this heading over the period is modest.

CHANGES IN REAL TERMS SPENDING BETWEEN 2005-06 AND 2006-07

The main changes in planned spend in real terms between 2005-06 and 2006-07 are

- total planned spending on ERD is due to decline by £34.5m (2.7%) in real terms compared with a 3.8% real terms increase in TME across all portfolios
- at Level 2, reductions in spending occur in Fisheries (-£22m, -27.2%) after a sharp rise in capital spending on vessels in the current year by the Scottish Fisheries Protection Agency; CAP Support (-£77.5m, -18.6%) which is at a peak in 2005-06 following introduction of the New Single Farm Payment Scheme; and Forest Enterprise Scotland by £3.8m (-12%) where operating costs and capital expenditure are both being reduced
- all other Level 2 programmes increase by amounts ranging from 5% to 22% (see table 3)

Table 3: Level 2 programmes showing a real increase in spend in 2006-07 over 2005-06 levels

	Real terms increase £m	% increase	Comment
Water	18.4	10.2	Reversing the downward trend of recent years in Scottish Water's net new borrowing
Natural Heritage	3.7	5.2	Continuing the upward trend with most of the increase going to National Parks
Environment Protection	18.2	9.5	Continuing the upward trend with most of the increase going to Flood Prevention and Coast Protection
Research and Sustainable Action	0.9	21.6	All of the increase occurs in Environmental Justice
Rural Development	7.9	5.3	Main increases in Environmentally Sensitive Area Schemes, Countryside Premium Scheme and Lowlands Marketing Scheme
Agricultural and Biological Science and Services	13.1	12.0	Main increases in Scottish Agricultural and Biological Research Institutes and Pensions. Expected receipts from sale of Scottish Agricultural Science Agency's East Craigs site reduces this year's spend. This and higher depreciation results in an increase next year
Forestry Commission Scotland	6.3	12.7	Main increases in Policy, Regulation and Administration and Timber Transport Fund

CHANGES IN SPENDING PLANS FOR 2006-07 SINCE LAST YEAR

Compared with last year's Draft Budget, additional money has been allocated to Natural Heritage (+£0.6m) and Environment Protection (+£1.1m). There are minor offsetting reductions in other budget lines with the net result that total spending on ERD has been increased by £1.5m.,

At Level 3 the main increases compared with last year's Draft Budget, apart from accounting changes where money has been transferred between budget lines, occur in

providing research and information services to the Scottish Parliament

- National Parks (+£0.6m)
- Scottish Environment Protection Agency (+£2.4m)
- Forestry Commission Scotland (FCS) Policy Regulation and Administration (+£3.4m)
- FCS Capital (+£1.0m), and
- Forest Enterprise Capital (+£1.0m) [MB4]

The main reductions are in

- Water Environment (-£1.1m)
- Woodland Grants (-£2.2m)
- Forest Enterprise Operating Costs (-£3.2m)

THE EFFICIENT GOVERNMENT INITIATIVE

The Minister for Finance and Public Services launched the Executive's Efficient Government Plan ['Building a Better Scotland – Efficient Government – Securing Efficiency, Effectiveness and Productivity'](#) (Scottish Executive 2004c) in November 2004. This document outlined a total of £405m savings in 2005-06, rising to £745m recurring savings by 2007-08. These have since been updated to £812.9m Departmental Expenditure Limit ('DEL') recurring cash savings by 2007-08.

Table 4 shows the cash releasing efficiency savings in £millions and as a percentage of each portfolio's DEL. Registers of Scotland and Scottish Water are shown separately as their expenditure is not part of the DEL.

Across all portfolios, cash savings average 3.1% of spending by 2007-08. Since recurring efficiency savings continue into future years, the incremental efficiency gains in Environment and Rural Development are 0.2% in 2005-06, a further 0.1% in 2006-07 and a further 0.2% in 2007-08.

In addition to cash releasing savings, the Executive announced plans for £300m 'time releasing efficiency savings' by 2007-08. The 'Efficiency Technical Notes September 2005' (Scottish Executive 2005c) outlining the detail of these savings were published on 8 September 2005.

The Executive's definition of 'efficiency improvements'

"An 'efficiency improvement' is any activity which improves the ratio of outputs to resource inputs. Such improvements may therefore arise in two ways:

- By producing the same outputs with fewer inputs. For the purposes of the Efficient Government Plan these are termed cash releasing savings,
- By producing more or better outputs for the same inputs. For the purposes of the Efficient Government Plan these are termed time releasing savings.

For the saving to be included in the Efficient Government Plan it must be recurrent."

(source: Scottish Executive 2005c)

Other definitions

- **Inputs:** resources needed to formulate and implement projects, programmes or policies (e.g. funding for school education)
- **Outputs:** products resulting from inputs (e.g. number of teachers). Outputs should facilitate the meeting of outcomes
- **Outcomes:** benefits resulting from outputs. They should correspond to ultimate objectives – the impact of a policy intervention on welfare (e.g. better educated school students)

Table 4: Cash Efficiency Savings (£m) as a % of the Departmental Expenditure Limit

Portfolio	saving 05/06 £m	05/06 DEL £m	% of 05/06 DEL	saving 06/07 £m	06/07 DEL £m	% of 06/07 DEL	saving 07/08 £m	07/08 DEL £m	% of 07/08 DEL
Administration	1.0	260.0	0.4	7.0	263.3	2.7	8.4	263.7	3.2
Communities	0.0	1230.8	0.0	5.0	1262.0	0.4	9.0	1306.0	0.7
COPFS	3.0	92.6	3.2	3.0	99.0	3.0	2.8	100.5	2.8
Education & Young People	0.0	488.2	0.0	5.0	598.0	0.8	10.8	665.5	1.6
Enterprise & Lifelong Learning	5.0	2631.0	0.2	5.0	2792.0	0.2	15.8	2872.0	0.6
Environment & Rural Development	2.0	846.0	0.2	3.0	904.8	0.3	5.0	942.3	0.5
Finance & Public Services	89.0	6487.0	1.4	167.0	6746.0	2.5	223.5	6978.6	3.2
Health	167.1	8799.9	1.9	198.4	9531.0	2.1	341.8	10279.4	3.3
Justice	7.0	905.3	0.8	23.0	1054.8	2.2	30.1	1100.7	2.7
Tourism, Culture & Sport	0.0	222.2	0.0	1.0	290.7	0.3	1.8	290.9	0.6
Transport	7.0	1058.0	0.7	12.0	1332.0	0.9	13.9	1386.9	1.0
Other – non NHS procurement	50.0	n/a	n/a	100.0	n/a	n/a	150.0	n/a	n/a
Total DEL	331.1	23,237	1.4	529.4	25,005	2.1	812.9	26,346	3.1
Registers of Scotland	0.0			1.6			4.4		
Scottish Water	75.0			85.0			95.0		

Source: Adapted from Scottish Executive, 2004c and Scottish Executive 2005c

Identified time releasing savings for 2005-06 to 2007-08 in £m and as a % of the DEL are shown in Table 5.

Table 5: Time Releasing Efficiency Savings (£m) as a % of the Departmental Expenditure Limit

Portfolio	saving 05/06 £m	05/06 DEL £m	% of 05/06 DEL	saving 06/07 £m	06/07 DEL £m	% of 06/07 DEL	saving 07/08 £m	07/08 DEL £m	% of 07/08 DEL
Administration	0.0	260.0	0.0%	0.0	263.3	0.0%	0.0	263.7	0.0%
Communities	0.0	1230.8	0.0%	0.0	1262.0	0.0%	0.1	1306.0	neg
COPFS	0.0	92.6	0.0%	0.3	99.0	0.3%	0.3	100.5	0.3%
Education & Young People	10.0	488.2	2.0%	17.0	598.0	2.8%	35.0	665.5	5.3%
Enterprise & Lifelong Learning	9.0	2631.0	0.3%	17.0	2792.0	0.6%	44.0	2872.0	1.5%
Environment & Rural Development	3.2	846.0	0.4%	3.7	904.8	0.4%	3.8	942.3	0.4%
Finance & Public Service Reform	0.0	6487.0	0.0%	10.0	6746.0	0.1%	20.0	6978.6	0.3%
Health and Community Care	54.7	8799.9	0.6%	111.5	9531.0	1.2%	173.3	10279.4	1.7%
Justice	10.9	905.3	1.2%	35.9	1054.8	3.4%	54.2	1100.7	4.9%
Tourism, Culture & Sport	0.0	222.2	0.0%	0.0	290.7	0.0%	0.0	290.9	0.0%
Transport	0.0	1058.0	0.0%	2.5	1332.0	0.2%	5.0	1386.9	0.4%
Other – non NHS procurement	0.3	n/a	n/a	0.3	n/a	n/a	0.0	n/a	
Total DEL	88.1	23,237	0.4%	198.2	25,005	0.8%	335.7	26,346	1.3%
Registers of Scotland	0.3			0.3			1.8		

Source: Adapted from Scottish Executive 2004c and Scottish Executive 2005c

In this case savings across all portfolios average 1.3% by 2007-08, but in ERD the savings are 0.4% in the first year with no further gains in subsequent years when expressed as a percentage of total spend.

Table 6 combines the cash and time releasing savings and shows the total savings as a % of the DEL.

Table 6: Cash and time releasing savings (£m) as a % of the Departmental Expenditure Limit

Portfolio	saving 05/06 £m	05/06 DEL £m	% of 05/06 DEL	saving 06/07 £m	06/07 DEL £m	% of 06/07 DEL	saving 07/08 £m	07/08 DEL £m	% of 07/08 DEL
Administration	1.0	260.0	0.4	7.0	263.3	2.7	8.4	263.7	3.2
Communities	0.0	1230.8	0.0	5.0	1262.0	0.4	9.1	1306.0	0.7
COPFS	3.0	92.6	3.2	3.3	99.0	3.3	3.1	100.5	3.1
Education & Young People	10.0	488.2	2.0	22.0	598.0	3.7	45.8	665.5	6.9
Enterprise & Lifelong Learning	14.0	2631.0	0.5	22.0	2792.0	0.8	59.8	2872.0	2.1
Environment & Rural Development	5.2	846.0	0.6	6.7	904.8	0.7	8.8	942.3	0.9
Finance & Public Service Reform	89.0	6487.0	1.4	177.0	6746.0	2.6	243.5	6978.6	3.5
Health and Community Care	221.8	8799.9	2.5	309.9	9531.0	3.3	515.1	10279.4	5.0
Justice	17.9	905.3	2.0	58.9	1054.8	5.6	84.3	1100.7	7.7
Tourism, Culture & Sport	0.0	222.2	0.0	1.0	290.7	0.3	1.8	290.9	0.6
Transport	7.0	1058.0	0.7	14.5	1332.0	1.1	18.9	1386.9	1.4
Other – non NHS procurement	50.3	n/a		100.3	n/a		150.0	n/a	n/a
Total DEL	419.2	23237.0	1.8	727.6	25005.0	2.9	1148.6	26346.0	4.4
Registers of Scotland	0.3			2.0			5.2		
Scottish Water	75.0			85.0			95.0		

Table 7: Environment and Rural Development efficiency savings by source

Agency/Programme	£m	2005-06	2006-07	2007-08	Comments
CAP Reform	Cash	0.0	2.4	2.4	Savings arise from reductions in the cost of administering CAP schemes
Forestry Commission Scotland	Cash	0.2	0.7	1.0	Savings arise from e-procurement, a web based grant application system and centralising operational planning
Scottish Environment Protection Agency	Cash Time	0.7 1.7	1.3 2.0	2.0 2.1	Cash savings arise from better planning and budgeting and reductions in overhead costs. Time savings arising from improved asset management, transaction re-design, improvements in finance and procurement systems and spreading support costs across more staff
Scottish Natural Heritage	Cash	0.7	1.0	2.0	Savings arise from reductions in staff numbers by 36 by 2007-08
ERAD Science Programme	Cash	1.5	1.7	1.7	Savings arise from improved staff utilisation and reductions in staff numbers in the Scottish Agricultural College and in the Scottish Agricultural and Biological Research Institutes
Scottish Water	Cash	75.0	85.0	95.0	Savings arise from operational (£25/35/45m) and capital (£50/50/50m) efficiencies and are based on Scottish Water's draft business plan for 2006-10

Across all portfolios the combined savings build to 4.4% of the DEL by 2007-08. For ERD, savings are 0.9% by 2007-08 with most of the savings occurring in the first year and incremental savings of 0.1% and 0.2% in years 2 and 3.

The sources of efficiency savings within ERD are set out in Table 7. In addition, savings of £75/85/95m per annum are expected of Scottish Water and of £2.4m arising from reductions in the cost of administering CAP schemes in both 2006-07 and 2007-08.

OBJECTIVES AND TARGETS

Following the 2004 Spending Review, revised objectives and targets were published in Draft Budget 2005-06. These remain unchanged in Draft Budget 2006-07. The Committee has previously noted some scrutiny difficulties, for example in tracking progress against previous targets and in the general nature of some targets.

CROSS-CUTTING THEME: SUSTAINABLE DEVELOPMENT

The [Draft Budget 2006-07](#) (p10)

“explains how each portfolio is putting sustainable development concerns at the heart of public policy.”

The ERD portfolio is expected to enhance sustainable development by

- Improving air quality
- Reducing landfill
- Increasing recycling
- Reducing flood damage
- Supporting research
- Implementing the Sustainable Framework for Scottish Sea Fisheries
- Complying with internationally agreed standards of sustainable forest management

Examples of activities to enhance sustainable development in other portfolios taken from the Draft Budget 2006-07 are

- operating a Scottish Prison Service waste management contract to ensure that not only is waste properly disposed of but that current practices are regularly examined to seek improvements which includes recycling of waste (Justice)
- improving our approach to the prosecution of those cases which are reported principally by the Scottish Environment Protection Agency and local authority environmental health departments (Crown Office and Procurator Fiscal Service)
- ensuring high design and environmental standards in our schools buildings - greater cost and energy-efficiency is one of the key outcomes of the ongoing investment in the school estate of £2.3 bn (Education and Young People)
- giving Historic Environment Grants, which... seek to preserve a resource, our historic environment, for future generations... by repair and re-use of historic buildings (Tourism Culture and Sport)
- achieving a target for a 2% per annum reduction in climatically adjusted energy consumption over the 9 year period 2001-2010 (Health)

- supporting the emerging renewable energy technologies (Enterprise and Lifelong Learning)
- improving the energy efficiency of domestic housing (Communities)
- directing 70% of our transport spending towards public transport over our 10-year investment period (Transport)
- providing improved access to public transport and the means to deliver concessionary fares conveniently to key target groups (Finance and Public Services Reform)
- developing Environmental Management Systems in 13 target buildings using the NHS-developed Greencode software (Administration and Associated Departments).

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Agenda Item 3
**Environment and Rural
Development Committee**

26 October 2005
ERD/S2/05/26/3c

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October 2005

In your letter of 16 September you asked me to provide written briefing on a number of issues, in advance of my attendance at the Committee on 26 October to give evidence on the 2006-07 Draft Budget. I trust that the Committee will find helpful the information set out in the Annex here.

I seek in the Annex to address all of the issues raised in your letter but have not responded there to your point, in paragraph 5, about what we might regard as subordinate targets. I understand that the Committee expressed some interest in such targets when it heard evidence from Lewis Macdonald last October in the course of scrutiny of the Draft 2005-06 Budget.

As Lewis explained at that time, both SR and Budget Documents present only a limited number of key targets. This approach has been endorsed by the Finance Committee. There is a wide range of subordinate targets either linked to the key targets here or to other targets which do not appear. There are objectives and targets also for SEERAD's use of Administration Budget resources. This whole range of objectives and targets cascades through the Corporate and Business Planning processes, for the Department and for related bodies. For example, performance against agreed targets for key delivery bodies such as the Forestry Commission Scotland (FCS), SNH, SEPA and SEERAD's three Executive Agencies is reported each year in their respective Annual Reports and Accounts which are in the public domain. For example, comprehensive information on progress in achieving its targets in 2004-05 is set out in SEPA's Annual Report which was published on 7 October. A copy of this Annual Report was sent to the Environment and Rural Development Committee and further copies should also be available through SPICE.

I note that the Committee's particular concern here is in relation to the Executive's overarching objectives. The Draft Budget sets out those areas where I believe that the spending here serves the objectives of Growing the Economy, Closing the Opportunity Gap, Promoting Equality and Sustainable Development. I make the general point that none of these overarching objectives is the

primary policy driver for my spending. Nonetheless, as the Draft Budget suggests, I see spending by Scottish Water, FCS, SNH and SEPA, as well as my own Department's spending in areas such as farm business support, assistance for the processing and marketing of agricultural and fisheries produce, flood prevention, waste and our Sustainable Action Fund as having a contribution to make towards meeting overarching objectives.

Lower level targets for my spending - developed through standing Corporate and Business Planning processes - will focus on the detailed delivery of the relevant, primary, underlying policies. I can assure the Committee that this process is firmly established.

I look forward to discussing this and other matters when I meet the Committee on 26 October.

ROSS FINNIE

ERAD COMMITTEE SCRUTINY OF 2006-07 BUDGET

Budget Changes

1. The plans shown in the Draft Budget are essentially unchanged from those agreed in SR 2004 which were published in Building a Better Scotland (BABS II) or from those shown in the 2005-06 Draft Budget. There are, however, two areas – Rural Development and CAP Support - in which the detail of the plans appears substantially different.
2. Our original SR 2004 plans for Rural Development spending pre-dated decisions on the priorities for use of both National and EU Modulation from 2005 and on the related distribution of the available national (DEL) and EU (AME) resources across the relevant schemes – particularly Land Management Contracts (LMCs) which were introduced this year. The conventions require us to show in the Draft Budget for 2006-07 the distribution of resources planned at the end of SR 2004, with adjustments to this original distribution being shown only at Stage 3 of the Budget process, when the 2006-07 Budget Bill is presented.
3. While, at the time of the SR 2004 outcome, we included in our baseline plans for Rural Development spending sufficient DEL resources to provide for a combined National and EU Modulation rate of 10% by 2007, we had not taken final decisions on the distribution of these resources, in particular how much we should devote to the new LMCs measures. As we have explained to the Committee on previous occasions, in our previous plans we brigaded the resources yet to be finally allocated with budgets for existing Rural Development measures – mainly that for the Rural Stewardship Scheme.
4. Alas, the timetable for the 2005-06 main Budget did not allow that to reflect the full impact of decisions taken on distribution of Modulation resources. The forthcoming Autumn Budget Revision (ABR) will set this out with much greater clarity. I should not anticipate either the formal presentation of the 2005-06 ABR or 2006-07 Main Budget to the Parliament but it may be helpful if we were to indicate now the key areas in which the distribution of Rural Development resources in 2006-07 will differ from the plans shown in the 2006-07 Draft Budget. Of course, the measures here are at least partly demand-determined and the Budgets which we will finally propose for 2006-07 will be influenced by our latest assessment of demand.
5. At this stage I expect the requirement for LMCs in 2006-07 to be just under £30m. The unravelling of SR 2004 planned resources which were temporarily brigaded with the underlying Budgets for other measures will see provision for the Rural Stewardship Scheme amended to some £15m and that for ESAs to about £9m. Of course, there may be changes to these and other numbers on the basis of our later assessment of demand.
6. On CAP Support, Budgets from 2005-06 reflect the ending of the old range of production related livestock and arable measures and the introduction of the Single Farm Payment Scheme. The 2006-07 and 2007-08 figures shown for CAP Support in the 2006-07 Draft Budget are, as is noted below Table 9.12 in the document, the SR 2004 plans although we now know that the spending is likely to be over £400m a year, mainly on the Single Farm Payment Scheme but including some £20m for the

Scottish Beef Cattle Scheme and some modest provision for Energy Crop and Proteins Premium area payments.

Efficient Government

7. Details on the planned efficiencies in my Portfolio were, of course set out in the Efficiency Technical Notes published last September. Performance against the targets set out in the Notes is closely monitored by the Executive's Efficient Government Delivery Group and, indeed, by the Finance Committee. The current position in relation to the ERAD Portfolio is:

- The Forestry Commission Scotland is on course to deliver the expected 2005-06 cash releasing efficiency savings of £0.2m and the further £0.7m and £0.1m of similar savings in 2006-07 and 2008-09 respectively, through joint e-Procurement and on-line application projects with FC England and FC Wales and a restructuring of timber management and forest operations in Scotland.
- SEPA is on target to deliver all the planned cash releasing savings of £0.667/1.33/2.0m and time releasing savings of £1.654/1.984/2.087m in the three years beginning 2005-06. These savings are made possible through the introduction of a national laboratory IT system, a reduction in expenditure over a wide range of supply costs and a reduction of staff over a number of business areas. These savings have been used to fund a range of other activities including additional office space necessitated by increasing staff numbers, emergency planning, implementation of the water framework directive and work relating to the Nature Conservation (Scotland) Act and the Scottish Biodiversity Strategy.
- The SNH targets for cash releasing savings are for £1m in 2006-07 and £2m in 2007-08 through a combination of improvements to IT systems, improved information management and replacement of manual systems. SNH has a project plan in place, a project manager has been appointed and the details of the 15 efficiency measures that will deliver the savings are being fleshed out.

The planned savings on CAP Administration are not, of course, directly within my Portfolio Budget. The planned cash releasing savings from the Administration Budget are £2.7m in 2006-07 and 2.4m in 2007-08. These will accrue from reductions in the administration costs for CAP Pillar 1 measures and free up resources to administer the range of new Land Management Contract measures and I am confident that these savings will not detract from the level of service which my Department provides to farm businesses.

Presentation of Budget Figures on a comparable basis

8. The Committee asks for presentation of the main figures for 2006-07 and those for the last few years "on a like-for-like basis". All of the figures are indeed shown in this way. The numbers for the years before 2006-07 are all the opening Budget figures for these years. I understand that there has been a separate debate with the Finance Committee on the issue of outturn figures for SE spending in previous years and that some data at Level 2 was made available to the Committee. I am advised that the move from cash to resource accounting has caused difficulties in the presentation of detailed

outturn figures for Executive spending on a comparable basis during the transitional period and that the Finance Committee has accepted an undertaking from the Executive to provide, after 2006-07, such detailed comparable outturn data.

Update on SR 2002 Targets

I reported to the Committee the position on SR 2002 targets in my letter of 10 May. The latest position is set out below.

A. *“Improve public water supplies by increasing the compliance rate to at least 985 as measured by the Water Quality 1000 index by 2006”*

and

B *“Reduce the number of sewage treatment works not in compliance with consents to less than 45 by 2006”*

Given the Committee’s earlier interest in the firming up of our SR 2004 Targets for Water – which were necessarily conditional upon plans for the next investment programme – I should take the opportunity here to offer the Committee a wider report on the current state of play.

Operational Costs: I am extremely pleased to note that Scottish Water is currently forecasting to achieve the tough operational efficiency target set for them for 2005-06. This means that by the end of this financial year water and wastewater services will cost customers some 40% less (more than £2m per week) to operate than those provided by the former Water Authorities.

Capital Costs: In terms of the capital programme, I am pleased to report that investment levels are up, with Scottish Water investing at over £50m per month in this financial year. This means that Scottish Water is forecasting to deliver a record £627m of investment this year. Even so, there will be a legacy of around £280m worth of projects that will run over into the next review period. I will be pressing Scottish Water to finalise these projects as quickly as possible in the next period and to improve their planning and forecasting processes to minimise any slippage in the next programme. In terms of borrowing and the limits approved by Parliament, Scottish Water has continued to borrow throughout the year to fund the investment programme. In the light of a Scottish Water’s re-forecasting exercise of its cash requirements this year, I will consider the need for any changes to the currently voted £170m limit at the Spring Budget Revision stage. In addition, Scottish Water has, with Ministerial approval, begun work on the next investment programme. It expects to spend £23m this year on preparatory work which should help to maintain investment levels in the first year of the next review period.

Quality Improvements: The quality of services provided to customers continues to improve because of the investment and operational changes made. For water quality, Scottish Water reports that it is making good progress towards the targets set for it by the Drinking Water Quality Regulator. For environmental compliance, Scottish Water has advised me that the number of non-compliant wastewater treatment has reduced significantly from the levels inherited from the three former Water Authorities. It expects to meet the target of 45 non-compliant wastewater treatment

works for 2005-06. The position will be subject to confirmation by the Scottish Environment Protection Agency.

As you know, targets for Scottish Water to improve environment protection and public health standards are set as part of the statutory process for determining limits on its charges. In February, the Executive announced the objectives that it requires Scottish Water to achieve in the period 2006-14. Last month it gave legal effect to the objectives to be secured in the first four years of that period through the *Scottish Water (Objectives for 1st April 2006 to 31st March 2010) Directions 2005*. The Water Industry Commission is required to determine charge limits for the period 2006-10 that give Scottish Water sufficient revenue to enable it to achieve the objectives in the Directions at lowest reasonable overall cost. The Commission will publish its determination of charges on 30 November.

C. “Improved public enjoyment and protection of the countryside, measured by increases in numbers of walkers visiting”

Although dropped from the SR 2004 list of key targets, this remains a key target for SNH and surveys etc are still being carried out to measure it. The target is being measured by independent consultants (TNS Travel and Tourism) who are under contract to SNH. The study is based on monthly structured samples, and is a ten-year exercise running until 2013. The results of the first year 2003-04 surveys are now published by SNH. Some key findings are that 64% of the Scottish adult population made at least one visit to the outdoors for leisure and recreation purposes during that year, and walking was carried out for part of those visits by 71% of respondents (other activities being cycling, horse-riding, nature watching etc.). Over the 12 months, there were an estimated 189 million visits to the outdoors in Scotland; including 104 million visits were to the countryside and 32 million to seaside locations. This data establishes a baseline against which future trends over the 10-year period will be measured.

D. “Increase the amount of waste collected by local authorities which is recycled or composted from 6% to 25% by 2006”

SEPA quarterly returns show that 17.3% of waste collected by local authorities was recycled or composted in 2004-05.

E. “Reduce landfilling of biodegradable waste collected by local authorities from 1.8 to 1.5 million tonnes by 2006”

SEPA quarterly returns show that 1.724m tonnes of biodegradable waste was sent to landfill by local authorities in 2004-05.

F. “Through the introduction of flood prevention measures, 1,850 properties to have their risk of flooding reduced to below 1% by 2006”

For the period 2003-06, the Executive made £40 million available, which by the end of March 2006, will have funded 13 flood prevention schemes to reduce flood risk to around 1100 properties. Ministers have also confirmed schemes for the Braid Burn (900 properties to be protected) and Dunfermline (175 properties to be protected), but both City of Edinburgh and Fife Councils have yet to begin construction of the schemes. As a result of these delays, we are unlikely to meet our target of reducing flood risk to 1850 properties by end March 2006. The Executive has now increased the

funding to £89m over the period 2005-2008. The new target of 4950 properties to have their risk of flooding reduced, for the period 2005 - 2008 includes 750 properties carried forward from the SR 2002 target, allowing a further 4200 properties to be protected with the additional funds. As long as local authorities come forward with suitable schemes and obtain the necessary statutory consents before end 2007, the target of 4950 remains achievable. The target is our best estimate of schemes likely to be confirmed and constructed over the period.

G. “SEPA to deliver a comprehensive assessment of the State of Scotland’s water environment by 2004..... and extend its water quality monitoring network by 15% by 2006”

As previously reported to the Committee, SEPA completed the assessment of pressures and impacts (the characterisation report) by the due date of December 2004. In monitoring water quality SEPA has increased the number of tests carried out; further increases are planned and the 15% target is expected to be achieved. At the same time SEPA has increased the river length classified from 13,500 km in 2000 to 21,500 km in 2004 and expects to achieve coverage of the 25,400 km of the river network by 2007; the number of groundwater monitoring points has increased from 150 to 220. SEPA in consultation with the Executive is developing a Monitoring Strategy to meet the requirements of the Water Framework Directive.

H. SEPA to complete the implementation of its on-line emissions inventory by the end of 2005.

SEPA launched the Scottish Pollution Release Inventory in August 2005 with full public access to the data.

I. “Encourage more sustainable agricultural activity on 13,500 farm businesses in Scotland’s remote hills by 2006”

Sustainable agricultural activity is encouraged throughout Scotland’s Less Favoured Areas by the provision of £61 million per year paid to farm businesses through the Less Favoured Area Support Scheme (LFASS). This target was changed in SR 2004 and now reads:-

“Maintain at least 95% of agricultural land in the Scottish Less Favoured Areas in productive use over the Spending Review period except where that land is converted to other uses”

The figures for the number of businesses supported under the scheme in the period 2002 to 2004 and the total areas on which LFASS payments were made are as follows:-

	No of businesses	LFA land maintained in produced use
2002	13,812	3.476 million hectares
2003	13,166	3.464 million hectares
2004	12,958	3.478 million hectares
2005	Final figures not yet available	

The fall in number of businesses is not reflected in a reduction in farmed hectares but rather is largely a reflection of business amalgamations. The baseline area for the new target is 3.473 million hectares and will apply to the calendar years 2005 to 2007 inclusive.

J. “Deliver better service provision to rural communities through support for around 80 new rural development projects each year and funding for 3 or 4 joint initiatives a year with other Executive Departments or Agencies, by 2006”

Since I wrote to you in May, we have designated a further 2 Rural Service Priority Areas (RSPAs) in addition to the 20 previously identified: and we have been working towards identification and delivery of our SR 2004 target for improvements in delivery of rural services. Following research work, we are now in the process of reconvening our Advisory Group of stakeholders who advise us on the most appropriate ways to achieve our Closing the Opportunity Gap objectives. A series of meetings is planned between SEERAD officials and Community Planning Partnerships in November, to agree specific targets and actions. The research report will form the second part of a series of publications entitled "Improving Rural Services", which aims to improve understanding of service delivery in rural areas.

The Committee will be aware that I am considering afresh the role of the Scottish Rural Partnership Fund in delivering our objectives here and that the Fund is effectively in abeyance. I have announced the establishment meantime of a Small Awards Fund and the availability of funding to seed fund rural service improvements so that we can secure the developments needed to meet our related SR 2004 Target.

K. “Secure a satisfactory outcome from the next 4-yearly external assessment of our research organisations in 2007, against the objectives set in our new Research Strategy”

External assessment remains a key feature of our new Research Strategy published earlier this year. That Strategy introduces peer review before programmes are started, as well as at the point of completion. The programmes outlined in that strategy will begin in 2006 and research proposals submitted by research organisations are nearing the end of the peer review process.

L. “Make effective use of the newly-enhanced flexibilities under the CAP to make Scottish Agriculture more competitive and sustainable”

As I reported to you in May this target has largely been met.

M. “To support the development of new products, markets and infrastructure to enable the full potential of Scotland’s timber resources to be realised”

I have nothing to add to my report to the Committee in May. The FCS continues to work closely with Scottish Enterprise through the Forest Industries Development Cluster to pursue this objective. An investment prospectus has been drawn up for Scottish forestry and is being discussed with potential investors. Considerable interest has been shown in the development of a new sector: biomass, including wood-fuel, and this has been given further prominence following the publication of the report of the Biomass Sub-group of the Forum for Renewable Energy Development in Scotland.

N. “To develop the contribution of woods and forests to health living, environmental enhancement, the social and economic well-being of local communities and to continue encouraging greater use of native species”

Again, I have nothing further to add to my report to the Committee in May. We have introduced a new grants scheme, which encourages investment in recreation and the planting of native species. We have invested in the development of the recreation infrastructure of the national forests within our national parks, and have expanded recreation opportunities on the national estate, including several new mountain bike trails. In support of the Woods In and Around Towns initiative, we introduced a challenge fund breathing new life into 33 urban woods across Scotland. We have also initiated a project working with SNH to evaluate the extent and condition of native woodlands.