



House of Commons Environment, Food and Rural Affairs Select Committee

Inquiry into Waste Strategy 2007

Written submission by EEF, the Manufacturers' Organisation

November 2007

Introduction

1. EEF is the representative voice of manufacturing, engineering and technology-based businesses with a membership of 6,000 companies employing around 800,000 people (see www.eef.org.uk for further information). Comprising 11 regional EEF Associations, the Engineering Construction Industries Association (ECIA) and UK Steel, EEF is one of the leading providers of business services in employment relations and employment law, health, safety and environment, manufacturing performance, education, training and skills.
2. We welcome this opportunity to submit our response to the House of Commons Environment, Food and Rural Affairs (EFRA) Select Committee's call for evidence on Waste Strategy 2007.

Background

3. Waste is one of the most pressing challenges facing the UK and its effective management is critical for sustainable development. Latest figures in the Strategy showed that some progress has been made over the past 10 years, with signs emerging that a decoupling of waste from economic growth is starting to happen in some sectors. However, the overall amount of waste that the UK produces, particularly in the domestic sector, is continuing to grow.
4. Manufacturers accept their responsibility for the waste they produce and strive to minimise waste and use waste as a resource where possible. Industry and business now reuses and recycles 44% of its waste, and sends 5 million fewer tonnes to

landfill than in 1998/99¹. Much of this change has been driven by costs. Businesses pay for raw materials, they pay to process the material into products, and then pay for the disposal. Waste minimisation is therefore already an important part of business models. Government must ensure that it provides the right climate for businesses to do more, whilst staying profitable in a highly competitive environment.

5. It is widely accepted that historically waste policy has been incoherent and confusing with Waste Strategy 2000 lacking a clear sense of direction and effective policy levers. The recently published revised waste strategy (Waste Strategy 2007) is a welcome step forward taking a more holistic view across waste streams linked with wider sustainable development objectives. However, a number of outstanding concerns remain with regards to how the Strategy will be delivered, which we discuss below.

A. How policies proposed by the Waste Strategy will be implemented and the roles of those responsible for the production and disposal of different classes of waste-including industrial, business and household waste. Localisation as opposed to centralisation of waste management.

6. EEF believes that the recently published Waste Strategy 2007 is a welcome step in the right direction, by taking a more holistic approach to waste and resource management linked with wider sustainable development objectives. We support the 5-step Waste Hierarchy, as set out in the Strategy as a general guide to the priorities in waste handling. We believe that application of the waste hierarchy must remain flexible though, taking account of overall environmental, social and economic objectives and technical feasibility, including availability of alternative treatment methods. The recycling process can, in some instances, when taking into account transport and process emissions, produce more carbon emissions than would be saved by using the local landfill. For some low risk wastes, e.g. low grade filter cakes, landfill might be the more sustainable option overall.
7. Industry has a significant role to play in waste prevention and using waste as a resource wherever possible. Manufacturers are not only producers of waste, but will be providing the solutions to many of the challenges that are faced in reducing waste. However, government must keep up its part of the bargain and ensure that the new policy framework provides the right climate for industry to play its part, whilst thriving in a highly competitive environment. For example, government must show leadership and make full use of its purchasing power to drive change and continue its work on developing procurement specifications for use in the public and private sector. This will send an important signal to the market and increase demand for more sustainable products. In addition, government must make sure that adequate waste treatment infrastructure for waste is being developed in time to deal with the increasing amounts of waste diverted from landfill.
8. UK manufacturers compete with developing economies where environmental standards are not always implemented with the same degree of rigour. EEF believes that using voluntary agreements or supply chain pressures to facilitate change sends out the right signal to these markets. These initiatives would benefit from more

¹ http://www.environment-agency.gov.uk/subjects/waste/1031954/315439/923299/1071046/?version=1&lang=_e

support from government to encourage greater uptake in the UK and by international players within the same supply chain.

9. Consumers and retailers make the ultimate choice between cheaper imported products that do not have to cost in the effort to redesign and remanufacture and improve the environmental profile of a product and those that do. A government commitment to sustained and targeted efforts to educate the consumer about the environmental impact of their purchasing behaviour is therefore crucial.

B. The role for and implementation of regulations, and their enforcement.

10. EEF believes that there is a role for regulations in driving positive change. However, the process of implementing and enforcing ill-devised waste legislation has been imposing increasing pressure on the resources of businesses. Our members are therefore keen to see increased effectiveness in waste regulation and a reduction in the administrative burdens placed on businesses in line with risk-based principles.
11. It is important that government keeps overall sustainability objectives in sight during the development of policy; we believe that the traditional regulatory route can be less effective at this. For example, the Restriction on Hazardous Substances (RoHS) Regulations² require companies to undertake complicated and costly assessments of their products, with little, if any, benefit to the environment. A more risk-based approach is therefore required. Sometimes, waste regulations have led to unintended consequences, for example, by creating barriers to greater reuse and recycling (see paragraph 16 and beyond). Finally, waste regulation is primarily targeted at limiting the amount of waste business can send to landfill and increase its recycling with little impact on waste prevention. This does not deliver the behaviour change which is needed to deliver the step-change which we all desire.
12. EEF supports proposals in the Strategy for material or sector-based voluntary agreements to engage business on waste reduction and resource efficiency. Effective engagement with industry is crucial as it will provide for sector specific issues to be addressed and sensible waste reduction and recycling targets to be agreed. EEF is keen to work with government on this.
13. Awareness of legal requirements is a pre-requisite to achieving compliance. A large proportion of businesses are still not aware of the potential benefits brought about by implementing waste prevention measures and more efforts are needed to pro-actively reach the waste producer community, with special emphasis on SMEs. EEF would welcome working with government on developing opportunities to reach companies within our large membership.
14. EEF believes that firm and effective enforcement underpins the success of waste policy and regulation. Illegal activity by unscrupulous companies continues to undermine the activities of law-abiding companies. The risk of being caught does not appear yet to act as a deterrent. We therefore support a more pro-active, proportionate regulatory effort to enforce regulations, targeting those companies that pose the greatest risk to the environment, whilst well managed businesses would

² UK RoHS Regulations SI2006: No 1463, available at http://www.rohs.gov.uk/Docs/uksi_20061463_en1.pdf

earn an 'On Trust' status with the regulator, resulting in, for example, cheaper fees, lower inspections frequencies and less bureaucracy.

15. Government must ensure that enforcement activities are adequately funded but EEF does not agree with landfill tax money, which has been paid by companies that comply with law, being used for this purpose. The revenue raised from enforcement should be returned to the regulator to fund more of this work.

C. The classification of waste.

16. The strict interpretation of the definition of waste as set out in the EU Waste Framework Directive³ has caused a number of problems in the UK, by working as a barrier to greater reuse and recycling. The definition of when a material is 'discarded' is particularly problematic.
17. To illustrate, materials that are legally waste have to be handled, transported or treated in line with waste regulations. This has meant that for some low risk materials, for example wooden pallets, which can easily be reused or recycled, costs of complying with waste regulations⁴ are disproportional to the benefits of reuse and recycling and the materials continue to be disposed of to landfill. Instead this should be a contractual issue between companies when materials are sold for use or recycling. Materials destined for landfill should continue to be classed as waste.
18. In addition, the introduction of new Hazardous Waste Regulations, which implement the European Waste Catalogue,⁵ has resulted in more waste being classified as hazardous, bringing it under stricter controls and, in some instances, making its treatment more difficult and/or expensive, not always in line with risk based principles.
19. The review of the Waste Framework Directive provides a crucial opportunity to simplify and clarify waste regulation, and the UK government needs to be seeking real solutions to the problem as part of its negotiations activities. The best option would be to more clearly define the term 'discard', allowing companies to hand over materials which are of use to another company without the need to comply with waste regulations. The alternative is to clearly define the distinction between waste and industrial by-products and set criteria that establish when a waste ceases to be waste within the body of the Directive.

D. The Government's approach to waste minimisation, for example consideration of responsible packaging, including examination of the different materials used and the potential for reusable packaging and return schemes.

³ DIRECTIVE 2006/12/EC, available at http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_114/l_11420060427en00090021.pdf

⁴ E.g. Waste Management Licensing regulations or Waste Carriers Licensing Regulations

⁵ European Waste Catalogue (EWC 2002), available at <http://publications.environment-agency.gov.uk/pdf/GEHO1105BJVS-e-e.pdf>

20. EEF welcomes the priority given by the new Waste Strategy to waste prevention and minimisation, linked to the wider sustainable consumption and production agenda. As mentioned above waste prevention is already part of most business models and estimates by government agencies that companies can save 1% of their turnover a year through waste minimisation means that manufacturing companies increasingly focus their attention on this.
21. However, overall awareness of the opportunities brought on by implementing waste minimisation is still relatively low amongst businesses though, in particular amongst SMEs, and there is scope for encouraging companies to do more on addressing impacts at the 'front of pipe'. However, figure on the potential cost savings from waste minimisation initiatives do not always take into account the 'hidden' costs, for example the administrative costs or man-hours, of implementing such measures. This can lead to scepticism and provide a barrier to greater uptake by business.
22. Consideration of priority materials, products and sectors will ensure that actions are targeted at those areas that have the greatest potential for environmental improvements. Encouraging re-use, repair and re-manufacture of materials already in the waste stream will also play an important part in reducing overall waste production and direct materials away from landfill.
23. Rather than introducing further regulation we believe that greater engagement with industry is needed to encourage behaviour change. Supply chain driven initiatives are an effective incentive to engage businesses on waste reduction. Sectoral sustainability strategies, sectoral agreements and Corporate Social Responsibility are already used by businesses to achieve environmental improvements up and down supply chains.
24. In addition, the concept of 'lean manufacturing' is already widely used in the manufacturing sector. It advocates using less resources- time, effort, workshop space, tools and raw materials. EEF is working with the Manufacturing Advisory Service (MAS) in the South East and London to better integrate environmental considerations with lean manufacturing and we would welcome the opportunity to work more closely with government on this issue.
25. Government must ensure that these programmes aimed at improving business performance on waste minimisation are adequately funded. The services offered by BREW delivery bodies are in many instances, invaluable, but for many businesses the range of these and their function appears somewhat confusing, particularly where remits appear to overlap. Overall, there is a need for a more strategic approach to BREW Programme, linked with wider sustainability objectives.
26. EEF was disappointed to see no explicit mention of the future of the BREW funding in the recently published PBR and CSR07. We believe that the carrot and stick approach of using taxation to send a price signal to business and using the funds raised to help companies to change their practices is a cost-effective approach to behaviour change. We are therefore disappointed by the government's decision to remove the ring-fencing of the tax and include it as part of the wider DEFRA budget, making it susceptible to further cuts.

F. The adequacy of the existing infrastructure, such as energy from waste facilities with heat recovery; the UK's capacity to process materials collected for recycling; and the potential for Government action to encourage the most efficient novel technologies.

27. EEF supports government efforts to move more waste out of landfill and towards greater recovery and recycling of materials, where this is the most sustainable option. However, lack of forward planning by government, barriers within the UK planning system and, as a consequence inadequate investment has meant that the UK waste management system has been slow to catch up with the growing amount of waste diverted from landfill, leading to significant increases in waste management costs.
28. The introduction of regulations, mainly aimed at restricting business's ability to dispose waste to landfill, has meant that many of our members have been experiencing difficulties in finding available and affordable solutions to some of their waste streams.
29. EEF welcomes proposals for greater integration between municipal and non-municipal waste, including measures to encourage joint facilities and partnership with local businesses. However, the Strategy missed an important opportunity by not requiring (as opposed to encouraging) local authorities to consider non-municipal waste in their areas and municipal facilities to have spare merchant capacity for non-municipal waste. With landfill diversion targets for biodegradable municipal waste continuing to drive local authority behaviour, this means that local variations in the availability of affordable services and facilities to deal with business waste will remain. EEF is concerned that not enough has been done to speed up the process of getting the necessary waste infrastructure on line.
30. EEF is concerned that the increase in landfill tax and the implementation of pre-treatment requirements for non-hazardous waste will exacerbate the problem, leading to further bottlenecks in the system and further cost hikes.
31. Landfill tax revenues has exceeded £7.5b since 1996, however only a fraction of this has been reinvested in improving waste management infrastructure for businesses. In addition to funding initiatives aimed at improving business resource efficiency, the revenue could be used more effectively to support infrastructure development for business waste, in particular in support of SMEs. As set out in paragraph 25 above EEF is concerned that with the future of the BREW Programme uncertain, government might lose important lever to facilitate change.
32. Many materials are globally traded commodities and the same should apply for recyclates. At the same time as building up the infrastructure in the UK, government should encourage greater use of overseas markets for wastes where no appropriate facilities exist in the UK, provided they meet environmental and safety standards.

Conclusion

33. EEF welcomes the opportunity to contribute the views of the manufacturing sector to such an important and timely inquiry. The manufacturing sector is a key stakeholder

in the whole debate concerning waste and resource efficiency and we welcome the opportunity to work closely with all interested parties in achieving the shared goals.

Contact Details

For more information, please contact:

Vanessa Fandrich- Environmental Policy Adviser

T 020 7654 1529

E vfandrich@eef-fed.org.uk

Nick Bowes – UK Campaigns Adviser

T 020 7654 1575

E nbowes@eef-fed.org.uk