



Committee Clerk
Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

9 January 2017

Dear Committee Members

Landfill Disposals Tax (Wales) Bill Consultation

Thank you for the opportunity to respond to this consultation. The LARAC response is contained below.

The responses below are sent on behalf of the Local Authority Recycling Advisory Committee (LARAC). LARAC is an association of around 75% of local authorities across England, Scotland, Wales and Northern Ireland. Members are waste management and recycling professionals who co-ordinate and operate waste management services. Membership is drawn from all types of authority including statutory Waste Collection (WCA), Waste Disposal (WDA) and Unitary Authorities.

Our response has been peer reviewed by members of LARAC's policy team and executive committee. LARAC members have also been invited to comment on the consultation through the members' discussion forum on our website. All contributions received have been considered in drafting the response below.

LARAC generally supports the proposal within the consultation. LARAC does however believe that the opportunity needs to be taken to reduce the tax burden on local authorities if Welsh local authorities are to have the economic resources to achieve their statutory recycling targets

If you have any queries on this response, then please contact me at lee.marshall@larac.org.uk or on 01982 382 650.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Lee Marshall", is written over a light grey horizontal line.

Lee Marshall
LARAC Policy Team



Responses to Consultation Questions

The general principles of the Bill and the need for legislation

LARAC agrees that there is a need to ensure that Wales has suitable tax instruments in place for April 2018 when the current system of Landfill Tax is 'switched off'.

Any potential barriers to the implementation of these provisions and whether the Bill takes account of them

LARAC does not believe there are any immediate barriers to the implementation of the Bill. As with most policy instruments, the success or otherwise, is often dependant on a suitable amount of resources being available to first implement and then deliver the desired outcomes of any Bill. LARAC believes that both the WRA and NRW will require additional and appropriately targeted resources in order that the desired environmental and financial outcomes of the Bill to be delivered.

Whether there are any unintended consequences arising from the Bill

LARAC does not see any unintended consequences of the Bill as such. A possible consequence that is already known is that of cross border waste movements and this will need to be considered throughout the whole process of planning, implementing and delivering the Bill. LARAC supports the aim of Wales as a resource efficient nation and dealing with waste and resources holistically, but this should not restrict valid and appropriate cross border waste movements where it is efficient and effective to do so.

An ongoing consequence of the Bill is that local authorities will continue to contribute significantly to LDT revenues in Wales. Give that a stated aim of the Bill is to preserve funds for public services in Wales LARAC is disappointed that the opportunity has not been taken within the Bill to address this. LARAC believes there is the potential for a mechanism that reduces the tax level for household waste disposed of by local authorities and their agents and allows the tax saved to be reinvested directly into local authority waste and recycling services.

In 2015 16 there were 288,840 tonnes of household waste landfilled in Wales which at the current LDT rate means over £24 million lost to local authority services. This level of funding would assist local authorities in meeting the aspirations and targets with Towards Zero Waste. LARAC believes that the statutory nature of recycling targets in Wales is now a much bigger policy driver for local authorities than the LDT and as such a reduced rate for household waste will not stifle the excellent progress local authorities have made in increasing recycling rates to European leading levels. Indeed, it is likely to assist them if the savings in tax are hypothecated back to local authority recycling services. This means the value is not lost to public funds overall.

The financial implications of the Bill (as set out in Chapter 6 of the Explanatory Memorandum)

LARAC believes that given the information available the financial implications that are contained within the Explanatory Memorandum are likely to be the best estimates that can be made. However, given that the estimated overall income from LDT revenues has recently



been revised downwards it would suggest that reviewing these estimates at regular intervals, perhaps smaller than would normally be expected, should be considered. At a time when the funds available for public services are decreasing LARAC would not want to see unrealistic estimates in relation to this Bill contribute to that position.

The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation (as set out in Chapter 5 of the Explanatory Memorandum)

LARAC would want to see suitable consultation undertaken before subordinate legislation is made. Where Welsh Government believe that a matter does not warrant wide consultation this should be notified to relevant stakeholders to enable them to make suitable representations. This is suggested with the intention of ensuring unintended consequences are minimised and not to make the introduction of subordinate legislation a more drawn out process.

The powers as outlined in the documents appear appropriate.

Whether the Welsh Government's principles for the development of devolved tax policy and legislation have been followed

- **be fair to businesses and individuals who pay them;**
- **be simple, with clear rules which seek to minimise compliance and**
- **administration costs;**
- **support growth and jobs that in turn help tackle poverty; and**
- **provide stability and certainty for taxpayers.**

LARAC would agree that the principles outlined above have been applied to this Bill within the constraints that the complexity of the subject allows. LARAC would reiterate the earlier point regarding the cost of landfill tax to local authorities and the opportunity to use the LDT as a means of directing public funds away from supporting landfills to supporting recycling collection and treatment infrastructure instead.

The definition of a 'taxable disposal' and 'qualifying materials'

LARAC supports the devolution of powers to the Welsh Government but would want to see these applied with consideration to other parts of the UK where appropriate. Therefore, any definitions applied in the Bill should consider the consequences to those impacted where it is different from definitions used in other parts of the UK. Where a change supports progress in Welsh Government waste policy without undue burdens to business, local authorities and other organisations then LARAC would support this.

The provisions on how the tax will be calculated including the taxable weight of material and the discount in respect of water content

LARAC agrees with the method of calculations outlined.

The implementation of tax rates and whether these retain the flexibility to deal with subsequent changes at a Wales and UK level;

As highlighted above LARAC supports the use of devolved powers to assist in a more resource efficient Wales. Where rates different to other parts of the UK are proposed, these should



be clear, simple to understand and apply and sufficient notice given to ensure that organisations can comply within reasonable timescales.

The proposed exemptions;

LARAC support the proposed exemptions. However, LARAC believes there is merit in considering extended the exemption in relation to 'multi disposal of waste' linked to the proposal to instigate LDT on waste disposed of at illegal sites. This waste is likely to still end up at a landfill site once cleared away. There is danger of applying the tax twice if its applied at the authorised landfill site as well as the charge on the obligated person who initially disposed of the waste.

Given that local authorities have a large roll in removing waste from unauthorised sites LARAC would like to see local authorities given exemptions on this form of waste.

The proposed reliefs;

LARAC would question the relief that is given to mining and quarry wastes. In the UK household waste makes up approximately 8% of the total whereas mining and quarry waste is approximately 20% of the total. With the household waste stream now heavily regulated and subject to statutory targets and fines if these targets are missed, LDT is no longer a real policy driver in that area of waste. LDT could be a real policy driver for mining and quarry waste and so LARAC does not believe that the exemption in that instance is helping to deliver environmental benefits.

The inclusion of unauthorised disposals of waste at places other than authorised landfill sites

LARA supports the reduction in the use of illegal disposal and unauthorised sites. However, this proposal may deal with the effect of such activities rather than the cause. LARAC believes the bigger deterrent to such activities is getting caught, rather than the expense if caught. LARAC would therefore like to see more proposals on how resources are going to be made available to increase the capture and prosecution of illegal waste activities alongside the recovery of such costs and using that as one deterrent.

The inspection of premises for the purposes of ascertaining a person's liability to LDT and the sharing of information between the Welsh Revenue Authority, Natural Resources Wales and local authorities;

LARAC supports the intention to work across public bodies in efforts against waste crime. The issue of resources available to local authorities needs to be raised in relation to this. Local authorities will have limited resources to respond to information requests as they focus on achieving targets within Towards Zero waste. There needs to be a recognition of this within the Bill and the arrangements that are put in place subsequently.

The duties on taxpayers to make payments and pay penalties and interest in certain circumstances

LARAC supports this concept.



How companies, partnerships and unincorporated bodies are treated in terms of the provisions and responsibility for compliance; and

LARAC has no view on this aspect of the Bill

Establishing the Landfill Communities Scheme as a grant scheme rather than a tax credit and developing it outside of the Bill

LARAC supports the concept of a grant scheme instead of a credit scheme if that does mean that more funds will be made available to the projects bidding for them. Grant schemes require a certain amount of administration and this needs to be demonstrated as more costs effective than if a tax credit scheme were in place.

As part of this change LARAC would want to see a review of current criteria for eligible projects. Whilst it is obvious that those people closest to landfill sites will be most affected by them there is a point where limiting the geographical area around a site limits the amount, usefulness and relevance of projects that can come forward for funding.

In the past projects, have covered a wide range of environmental areas and issues but LARAC feels given this is funding derived from waste activities that more could be channelled back into the resource and recycling arena to help divert more waste away from landfill sites. LARAC would therefore welcome the ability to establish elements of the funds that groups and local authorities could bid for specially to introduce new and innovative recycling schemes.