

Environment, Food and Rural Affairs Committee

Questions to Defra on the work of the Committee

Response received by the Committee on 22 January 2007

Background

As part of its continuing scrutiny of the work of Defra, the Efra Committee has asked the Department a number of questions to follow up recent Committee inquiries (including inquiries undertaken by its predecessor Committee). It is intended that this will be a regular feature of the Committee's work.

**Eighteenth Report of Session 2003–04, on
Dismantling defunct ships in the UK (HC 834), published 11
November 2004**

- 1. Could Defra provide an update on its report on the Government's work on ship dismantling, which was sent in response to the request made by the Committee in its Second Report of Session 2004–05, on Dismantling defunct ships in the UK: Government reply to the Committee's Report (HC 257)?**

We last updated you on progress in September 2005. Since then Government has progressed its commitment to the development of a UK Ship Recycling Strategy based on the Committee's recommendations. The primary objectives of the Strategy were agreed within UK Government and are intended to: establish domestic policy for the recycling of UK Government owned vessels, set out information on relevant controls for those wishing to establish dismantling facilities within the UK, provide recommendations for ships registered to the UK flag and to inform the UK position for international negotiations on ship recycling. A consultation paper on the Strategy was issued in March 2006 until June. Defra issued a summary of consultation responses in August 2006. The Strategy was broadly welcomed by consultees. Defra intends to publish the final version early in 2007.

International developments continue mainly through the IMO and the Basel Convention with involvement of the International Labour Organisation. Following a Decision of the 24th General Assembly of the IMO in December 2005, the IMO has embarked on a negotiation process to draft a new internationally binding instrument on the Safe and Environmentally Sound Recycling of Ships, due to be concluded in the IMO's 2008-9 biennium. The IMO's Marine Environment Protection Committee has been charged with developing this draft Convention and has since met twice, at its MEPC 54 in March of this year and MEPC 55 in October, to consider and develop an initial text provide by Norway. There will be a further, intersessional, Working Group meeting in May 2007 to progress the drafting, which the UK is hosting. The MEPC will consider this at its next meeting in July 2007 (MEPC 56) prior to making recommendations on the adoption of the Convention at the next General Assembly meeting, towards the end of 2007. The UK has followed these negotiations closely and provided significant input, especially on the issue of environmentally sound management of ship recycling facilities.

The Eighth Conference of the Parties to the Basel Convention was held from 27th November–1st December 2006 in Nairobi. EU Environment Council Conclusions were adopted on 20th November to assist negotiations at the EU level (copy attached). At the Basel Convention meeting Decisions were adopted on the Environmentally Sound Management of Ship Dismantling, Abandonment of Ships and the Joint Working Group of the ILO the IMO and the Basel Convention. The protracted negotiations reflected growing awareness of the likely impact of tightening international rules for countries currently engaged in dismantling. Much of the EU position from the November Council Conclusions was absorbed into the Basel Decisions, with references to the need for environmentally sound management, and support for a further Joint Working

Group. A member of the UK team was asked to chair the “Contact group” charged with this part of the negotiation.

We expect ship dismantling will remain a high profile issue and to intensify as the IMO negotiations on the new Ship Recycling Convention progress.

Fourth Report of Session 2004–05, on Waste Policy and the Landfill Directive (HC 102), published 17 March 2005

2. Could Defra provide an update on the implementation of the National Waste Data Strategy, with particular reference to data on hazardous waste?

The Defra Waste Data Strategy was published in April 2006.

The first stage of the Waste Data Hub (a data warehouse) has been built and is analysing data supplied by the Environment Agency on operational waste infrastructure in England and Wales. A report on the number of operational waste facilities in England and Wales at the end of March was published in May 2006. Equivalent data for April to June are currently being analysed.

The second stage of the Waste Data Hub will allow analysis of returns from waste sites licensed or permitted under Waste Management Licensing or IPPC Regulations. This stage is scheduled to be complete by the end of March 2007.

The Defra Waste Data Strategy Team has worked closely with the Environment Agency to improve the quality and accessibility of data on waste.

To improve the timeliness and consistency of data submitted to the Environment Agency waste operators are now required to submit their returns on a quarterly basis. Metal recyclers are required to submit their returns annually so are excluded from this.

To further improve the consistency of data submitted to the Environment Agency an electronic return form is being promoted to allow consistent coding and quicker submission. This will also allow the Agency to ensure that the UK List of Waste (European Waste Catalogue) code is used for reporting of both Hazardous and Non-hazardous waste.

The Environment Agency's Hazardous Waste Database allows for electronic registration and quarterly reporting from both producers of hazardous waste and those waste operators dealing with hazardous waste. Data from this database is being extracted to be included in Defra's Waste Data Hub but is currently subject to extensive checking in the Agency prior to release.

3. What assessment has Defra made of the impact of the Clean Neighbourhoods and Environment Act on incidences of fly-tipping?

No formal assessment has yet been made. Defra is presently commissioning a survey of how local authorities are using the Clean Neighbourhoods and Environment Act (CNEA) powers. This survey is due to take place during 2007. Also during 2007, we expect to receive the Home Office data on fly-tipping convictions for the year of 2005, when the CNEA commenced.

It is also worth noting that two significant enabling powers to prevent fly-tipping that are contained in the CNEA, have not yet acquired regulatory status. These

are i) the power to stop, search and instantly seize vehicles that are about to, or are in the process of fly-tipping and ii) the power to require the implementation of Site Waste Management Plans for all construction, demolition and excavation work above an agreed value. Proposals for both of these powers will go for public consultation during 2007, and regulations should be in place by the end of 2007.

The number of fly-tipping incidents, dealt with by local authorities and the Environment Agency, is recorded on Flycapture, the national fly-tipping database. However, the number of local authorities in England submitting regular returns of fly-tipping incidents to Flycapture, has significantly increased from 79.5% in April 2004, when the database was first launched, to 92% in 2005-2006.

Over time, the database will help us build up a more accurate picture of illegally dumped waste, as well as providing a useful management tool for local authorities in tackling the problem. But at present there is a risk that any apparent trends in the numbers of reported fly-tipping incidences might be primarily attributable to improved reporting standards.

* 'regular' returns to Flycapture are considered to be at least 10 out of 12 possible returns, according to Office of National Statistics guidelines

4. Could Defra provide an update on the implementation of the Waste Acceptance Criteria? Has the Landfill Regulation Group drawn any conclusions from its monitoring work in this area?

Government continues to develop and maintain constructive dialogue with waste producers and the waste management sector on a wide range of issues emanating from the implementation of the Landfill Directive.

The Landfill Regulation Group was formed in April 2005 to provide a forward-looking forum concentrating on the practical implementation of the Landfill Regulations. The Group which is facilitated by the Environment Agency is helping to develop a common understanding amongst waste producers, waste managers, the Environment Agency and Government on the landfilling of wastes. There are now 8 sub-groups established to drive forward key priority work areas. These are:

- Problem Waste Streams
- Landfill Closure
- Compliance
- Monolithic Waste
- Remaining Landfill Directive requirements
- Landfill Engineering
- Inert Landfill
- Sampling and Analysis

The sub group responsible for monitoring work on problematic waste streams in the lead up and beyond the implementation of WAC has remained vital, both in terms of identifying problematic waste streams and providing alternative management solutions. This forum has continued to provide engagement opportunities between industry, the Environment Agency and the Government.

There are a small number of problematic waste streams that currently do not meet the full WAC for which alternative recovery or disposal routes are not available. These waste streams include soda slag residues from the recovery of lead/acid batteries, spent potliners from aluminium smelting and wet APC residues from clinical waste incineration.

Considerable research has been done by the producers of these wastes on possible waste treatment options. Defra and the Environment Agency are satisfied that alternative recovery or disposal outlets for these waste types are not currently available. We believe that until the relevant industrial processes are changed or alternative waste management options are developed continued safe landfill of these hazardous wastes provides the best environmental option. As a result, Government wrote to the Commission on 4 August 2005 confirming this approach and the mechanisms that have been put in place to support it.

The Environment Agency has set out this approach in the form of an enforcement statement. There are a number of conditions needed to be met before the Environment Agency will approve the continued disposal of this waste, including a requirement for the producer to have a plan for achieving compliance within an agreed timetable and a risk assessment of the landfill sites to be used. This approach does not prevent enforcement action being taken if we believe that environmental harm may occur. The Environment Agency keeps approval for the continued landfilling for these wastes under regular review.

As an example of the review process, the producer of one waste stream has recently identified an alternative production process that will enable the waste to meet WAC. This is due to be operational in early 2008. This new process also has the added benefit of significantly reducing the quantity of waste produced, from approximately 26,000 tonnes per annum to 12,000 tonnes per annum.

Defra and Environment Agency officials attended the Commission's Landfill Technical Adaptation Committee (TAC) meeting on 7 November 2006. One aspect of the meeting concerned the implementation of the WAC. The meeting allowed Member States to share their experience in the implementation of WAC and problematic waste streams. A number of other Member States also highlighted that they had experienced similar difficulties with a limited number of wastes.

The Landfill Directive does allow for the use of higher WAC limits but only within specific constraints. To help to provide clarity for industry, Defra and the Environment Agency issued a joint policy note on 23 August 2006 summarising the current and longer-term regulatory view on how the application of the higher WAC to wastes sent to landfill. This policy note was shared with the industry before publication. The Environment Agency has supported this note with further briefing. These documents are available on Defra's or the Environment Agency's websites.

The Environment Agency has approved 5 landfill sites to accept hazardous waste with an inorganic content above the WAC limit but still within the provisions of the derogation provided under the Landfill Directive. The Environment Agency has also approved the disposal of 6 waste streams with an organic content above the WAC limit but also within the provisions of the derogation provided under the Landfill Directive.

Feedback from industry has indicated that waste producers find some aspects of the waste characterisation requirements technically complex. In response to that, the Landfill Regulation Group has established a further sub-group to look specifically at sampling and testing requirements. The aim is to develop simple factsheets to aid communication and understanding with waste producers.

5. Could Defra provide an update on progress towards each of the Landfill Directive targets?

England is making good progress towards meeting landfill directive targets to reduce the amount of biodegradable waste landfilled. The targets in 2013 and 2020 remain very challenging.

The UK has quantified targets to reduce landfill disposal of biodegradable municipal waste. The landfill directive specifies these targets. The targets are to reduce the amount of biodegradable waste landfilled by 25 per cent in 2010, compared to arisings in 1995, 50 per cent in 2013 and 75 per cent in 2020. The UK has chosen to use a four-year derogation to meet the landfill directive targets, because of the high proportion of biodegradable waste landfilled in 1995.

The Environment Agency (the Agency) monitors England's progress towards meeting the targets. The Agency calculates the amount of biodegradable municipal waste landfilled by waste disposal authorities in England using information provided by local authorities.

The Landfill Allowances Trading Scheme (LATS) is the principle measure to ensure England meets its landfill directive targets. The scheme – a cap and trade scheme – was launched in April 2005.

The Agency published the first LATS annual report in November 2006. The report is available at

<http://www.environmentagency.gov.uk/business/444217/444663/landfill/986852/987368/1113678/1512729/>.

The Agency calculates that waste disposal authorities in England disposed 12.4 million tonnes of biodegradable waste to landfill in 2005/06. This is an estimated reduction of 1.9 million tonnes from 2004/05. England must reduce the amount of biodegradable municipal waste landfilled by an additional 0.9 million tonnes to meet its share of the first landfill directive target in 2010.

The revised England waste strategy, due to be published in the New Year, will set out additional measures that, amongst others, will continue to reduce the amount of biodegradable municipal waste disposed to landfill in England.

6. Since its response to the Committee's report, what assessment has Defra made of the capacity of the private sector to invest in waste treatment technology?

The main elements of waste infrastructure needed to meet EU landfill diversion targets are **front end** collection, recycling and composting processes and plant and **back-end** treatment and disposal infrastructure comprising large, single assets represented mainly by energy from waste ("EfW"), mechanical and biological treatment ("MBT"), anaerobic digestion ("AD") and in-vessel composting ("IVC") plants.

A report by the Investment Analysis Group (IAG) dated 24 August to Defra's Waste Implementation Delivery Programme Board (WIDP) refers to the need for approximately 117 back-end waste plants¹ needing to be operational by 2013, a capital expenditure requirement of £5-6bn funded by PFI credits of £3-4bn based on PFI credits at the level of 100% of capex. These figures are predicated upon achievement of a recycling / composting rate of 33% of municipal solid waste (MSW) (equivalent to approximately 36% of Household Waste Recycling Centres (HWRC)) which is less than the 43% HWRC target for 2013.

Front end infrastructure tends to be more affordable and as such tends to be delivered through the local authority investment. The purpose of this note is to comment on the capacity of the private sector to invest in **back-end** waste treatment technology and to meet the investment requirements outlined above. Additional related information is attached in annex A – in particular outlining Defra's efforts to help develop and promote investment.

Pipeline visibility

All contractor types will benefit from greater "waste project pipeline visibility". The extent of the investment opportunity is now becoming apparent to the wider market and is beginning to encourage the formation of supply chains within the contracting community - as occurred in the hospital and schools sectors in response to their investment programmes. This is attracting the attention of specialist sub-suppliers for whom process equipment represents an important market.

Waste management contractors

The limited number of waste contractors (seven "national" companies²) and their regional hegemony occasioned by access to landfill and sites, imposes constraints on the development of a market forced to move from low cost landfill to higher cost treatment and disposal. Waste management companies have been consolidating as a result of merger and acquisition. However, consolidation has brought access to greater financial strength through the balance sheets of the new owners. There have been new entrants too.

¹ MRF, IVC, MBT, EfW and ATT

² WRG, Viridor, Biffa, Shanks, Cory, SITA, Veolia

Many waste contractors' historic core competencies are logistics (waste collection, bulking and transport) and access to landfill. They are not technology providers although some continental waste management companies (SITA, Veolia) procure and operate MBT and EfW plant in their home markets.

Civil contractors

There are a number of civil contractors active in the waste market. Their reluctance to accept technology process risk is a common trait – even though the larger firms have the strength to act as engineering procurement and construction (EPC) contractors. Those most likely to take this step – probably as part of a consortia - are the facilities management (FM) contractors with extensive experience of PFI in other sectors.

Equipment supplier

The need to divert from landfill requires the use of process plant whose efficacy becomes a risk for the waste management contractor. Equipment efficacy risk is mitigated by an equipment suppliers' performance warranties and liquidated damages but these represent only a small fraction of the penalties that could be levied on a waste contractor by an Authority for failure to perform under a 25 year contract. These penalties are defined in the Payment Mechanism of the SOPC-3 standard form contract. Consequently, both waste and civil contractors are reluctant to provide an "efficacy wrap" (and put their balance sheet at risk) for the outputs of technologies where there are uncertainties surrounding plant performance or the definition of product output standards.

The waste equipment supply industry is populated by companies whose ability to absorb **financial recourse** is variable. Many suppliers of **MBT**, **IVC** and **composting** plant are small private companies of limited financial strength. Some suppliers have a good track record of operational **reference plant** in continental Europe but no or limited experience in the UK. Failure of a supplier can lead to considerable additional cost for an Authority and / or time delays. Defra's Waste Implementation Programme (WIP) holds a list of over small and medium size equipment suppliers.

Suppliers of **gasification and pyrolysis** (advanced thermal technologies or "ATTs") technology are similarly constrained financially while in many cases their processes are at the "demonstrator" stage. WIP is supporting 8 technology companies through its Demonstrator Programme. In view of the biodegradable municipal waste (BMW) diversion and recycling imperatives of waste disposal authorities (WDAs), UK suppliers need to have the efficacy of their equipment financially "wrapped" by the party fronting the Principal Agreement.

Process failure can expose an Authority to financial loss under the Landfill Allowances Trading Scheme (LATS). Waste management contractors will accept only very limited LATS risk so failure to meet LATS expectations could expose Authorities directly to technology efficacy risk.

The position of ***EfW plant suppliers*** is somewhat different. While there are small suppliers, there are also world scale suppliers whose supply track record, reference plant and financial recourse qualities are, on the whole, robust.

EPC contractors

The shortage of companies prepared to act as turn-key contractors for large plant afflicts all areas of infrastructure, not just waste. This reflects the departure of companies like Humphreys & Glasgow, Davy Loewy, Enron, Hawker Siddeley, from this segment of the contracting market. They are being replaced by consortia comprising financial strength, technology and technical operating ability evidence for which is to be found in bids for both GMWDA's waste and SRF procurements.

There are no grounds for supposing that access to finance is constraining waste project roll-out. On the contrary, it is the lack of projects that is preventing the deployment of the surplus liquidity in both the private debt and equity markets. There are numerous actual and potential new entrant investors in the waste market.

Access to commercial debt is not seen as a constraint although the number of banks with an in-depth understanding of the waste market is currently small.

Planning

The principal barriers to investment remain planning; receptive markets for recycle and solid recovered fuel (SRF); the state of preparedness of waste plans within Authorities; public perception towards waste facilities and combustion plant in particular; and Authorities ability to make technology choices.

WIDP will produce guidance on how those promoting waste infrastructure can engage with the planning system. The planning process is closely linked with the development of Authorities' waste local plan, local development documents ("LDD") as reflected in regional special strategies ("RSS") and failure to get these underway early enough can act as a formidable barrier to progress. Accordingly, WIDP is also developing and maintaining a picture for England of the content of RSSs and waste plans and a circular / questionnaire to WDAs has already been drafted to this effect.

7. What assessment has Defra made of the effect of (a) increases in the standard rate of Landfill Tax and (b) the Landfill Allowance Trading Scheme, in terms of the diversion of waste from landfill and the promotion of investment in alternative waste management capacity?

Increasing the standard rate of landfill tax makes landfilling (of non-inert waste more expensive compared with alternatives. Hence it encourages waste reduction and substitution towards waste treatment methods further up the waste hierarchy, as well as treatments that can render the remaining waste that is landfilled inert (thereby attracting the lower rate of tax).

The overall impact of this will be, through the impacts on costs, to achieve environmental benefits, in terms of reduced greenhouse gas emissions from landfill and energy saved from the use of recycled rather than virgin materials and recovery of energy from waste, as well as other ancillary benefits associated with the reduced need to devote land to landfilling.

Landfill tax is one of a number of measures designed to improve the efficient use of resources, encourage effective management of waste and meet our commitment to reduce the volume of household waste sent to landfill. Other measures include landfill allowances trading scheme, regulation and recycling targets for local authorities. As part of the annual Budget process, the Government assesses the impact of landfill tax alongside these initiatives against a range of social, economic and environmental factors, including assessing the volume of waste sent to landfill and the impact on business competitiveness.

There are clear signs that the landfill tax and the other initiatives are working together to reduce our reliance on landfill. Between 1997/98 and 2005/06, the amount of active waste going to landfill fell by almost 14 per cent.

The Chancellor of the Exchequer announced in his Pre-Budget Report on 6 December that:

“The Government will consider whether the standard rate of landfill tax needs to increase more steeply from 2008 onwards, or go beyond the £35 per tonne already committed to for the medium to long term, in order to encourage greater diversion of waste from landfill and more sustainable waste management options”.

As part of this further consideration, we will be considering further the impacts of changes in the rates of landfill tax.

Whereas the landfill tax aims to reduce landfilling of all non-inert wastes, LATS is the main measure to ensure England meets its share of the landfill directive targets to reduce landfilling of biodegradable municipal waste. Consequently LATS is the main driver in local authorities investment in measures and technologies to divert biodegradable municipal waste from landfill.

**Sixth Report of 2004–05 on the
Future for UK fishing (HC 122), published 24 March 2005**

8. Could Defra provide an update on the work of the Quota Management Change Programme?

The Quota Management Change Programme was established in 2005 following the “net benefits” review. The objectives of the programme (agreed with an industry working group at the outset) are broad, but the central aims include; delivering the benefits of Increased transferability, delivering the benefits of increased certainty of individual fishing rights, and improved transparency in quota trading.

The programme was initially divided in to 6 work streams to review the different strands of work in detail. Consideration has been given to all aspects of the quota management system, including the social and environmental consequences of progressing with different options. An industry consultative group was convened to consider the issues and initial conclusions as they were developed through the programme. The future management arrangements for the inshore fleet have been reviewed, and possible interventions to protect vulnerable communities have been discussed. Focused working groups were established with representatives from the inshore fleet to support options development. Formal and informal evidence gathering was undertaken to inform options development. Documentation, and minutes from the consultative group meetings are available on our website.

(<http://www.defra.gov.uk/fish/sea/manage/qmcp/index.htm>)

In response to requests from industry groups, we have brought forward the timetable for consultation. We are now planning to begin consultation on changes to the UK quota management system in March 2007, with a further round of consultation later in the programme.

Fisheries Departments in the UK are committed to developing a single UK quota management system via the change programme. In practical terms the impacts of policy decisions are rarely limited to the interests of only one of the countries that make up the UK, and on matters that affect the UK as a whole, or UK interests in Europe, Fisheries Administrations need to work together.

9. Has Defra drawn any conclusions from its work on technical improvements to fishing gear as a means of reducing mass discard?

Recent work carried out by CEFAS and Scotland's FRS, has shown that it is possible with relatively modest gear adjustments to significantly improve the selectivity of Nephrops nets, to avoid the bycatch and discard of juvenile whitefish. We will be encouraging the Commission to provide appropriate incentives under the cod recovery plan for the widespread use of this gear throughout the EU.

We also continue to explore the potential for increasing the selectivity of other gears and will draw any successes to the attention of the Commission, with a view to them also being widely applied.

10. Does Defra have plans to conduct consultations on an increased minimum landing size and other conservation measures for species other than bass?

We have recently consulted on proposals for increasing the Minimum Landing Size (MLS) for lobsters from 87mm to 90mm carapace length (CL) in England and asked for views as to whether this should be in one stage or incremental steps. We also asked for views on additional measures such as setting a maximum landing size for lobsters. The consultation closed on 17 November and we are currently analysing the responses. Resource constraints mean that we will be unlikely to take a decision until in the new year.

We are currently informally asking stakeholders for their thoughts on possible conservation measures for brown crabs (<http://www.defra.gov.uk/fish/sea/conserves/conserv.htm>) and will be working up formal proposals in the new year and consulting on them.

11. Following Defra's pilot scheme will Regional Managers be appointed in regions other than the South West?

No decisions have been taken yet. Defra and the Marine Fisheries Agency will consider the future role of Regional Fisheries Managers early in 2007, on the basis of a report on the first year of operation of the pilot scheme in the South West. Consideration will then be given to whether the pilot scheme should continue in the South West and whether it should be applied to other areas.

12. What progress has been made on the design of multi-purpose Marine Protection Areas since the workshop Defra held in March 2005?

We included proposals on multi-purpose MPAs in the Marine Bill consultation in March 2006. Unfortunately this work has been delayed due to resource limitations, and so we are still in the process of considering a trial of an MPA for fisheries management purposes and how this might be implemented. We are planning to publish a White Paper on detailed proposals in March 2007 for a full 12 week consultation.

To support our work on the Bill, Bangor University have undertaken some work for us to develop scenarios for future networks of MPAs for nature conservation, including some consideration of possible multi-purpose benefits. This was published in September and is available on our website:

<http://www.defra.gov.uk/wildlife-countryside/resprog/findings/index.htm>

**Eighth Report of Session 2004–05, on
Progress on the use of pesticides: the Voluntary Initiative (HC 258),
published 5 April 2005**

13. Could Defra provide an overview of the contribution of the Voluntary Initiative to the development of the National Strategy for the Sustainable Use of Pesticides?

The Voluntary Initiative (VI) and members of the Steering Group have supported the development of the UK Strategy for the Sustainable Use of Pesticides.

The VI and Steering Group members played an active role in the consultation process which preceded publication of the Strategy, providing useful comment on aims, objectives, priorities and possible measures. This enabled Defra to prepare a more comprehensive and focussed document.

Membership organisations of the VI are also represented on a number of the Strategy's Action Plan Implementation Groups and have made a valuable contribution sharing advice and expertise on issues such as the promotion of best practice. The VI itself forms an important supporting measure to Government regulatory measures and financial support for environmental initiatives.

14 Could Defra provide an update on the implementation of the National strategy with particular reference to biodiversity.

Since publication of the Strategy for the Sustainable Use of Plant Protection Products in March 2006, work has focussed on developing the five Action Plans. Each of the five Implementation Groups tasked with developing the Plans have met three times. Through these meetings, and a series of bilateral contacts between Defra and stakeholders, the Groups have identified key issues and have begun discussing practical ways in which measures needed to deliver the desired strategic outcomes can be implemented.

Features of the biodiversity plan include regulatory measures to protect biodiversity, Environmental Stewardship measures complimentary to the strategy, developing measures to support existing biodiversity initiatives (for example mitigating impacts on UK Biodiversity Action Plan (UKBAP) species and habitats and reviewing controls in Sites of Special Scientific Interest (SSSIs) or Natura 2000 sites); considering a 'whole-farm' approach to minimising pesticide impacts; promotion of best-practice and optimising the outcome of R&D spending.

15 Has the UK steering group set up by Defra to take forward work on non-agricultural diffuse pollution reached any preliminary conclusions or reported progress ahead of the first round of River Basin Management Plans?

Non-agricultural diffuse pollution covers a broad range of both sources and contaminants. In order to fulfil our obligations under the Water Framework

Directive, it will be necessary to prioritise those areas which are considered to pose the greatest risk to water quality. The non-agricultural diffuse pollution steering group, which was set up by Defra to consider measures for England and Wales, has identified five priority areas for action. Those five areas are: industry, transport, abandoned mines, sewage and sediment.

The choice of priority areas will be the subject of a public consultation in early 2007. The consultation will also suggest some broad options for possible mechanisms to tackle non-agricultural diffuse pollution, subject to stakeholder endorsement of the five priority areas. In the meantime, Defra will continue to strengthen the evidence base to support the introduction of mechanisms to mitigate non-agricultural diffuse pollution, with a view to carrying out a second public consultation on specific measures.

As far as non-agricultural pesticides are concerned an 'amenity' action plan group has been established as part of taking forward the UK pesticides strategy. Measures taken to reduce diffuse pollution from amenity pesticides include the withdrawal of the widely used residual herbicide diuron which is frequently found in surface water and the extension of the statutory Code of Practice for Using Plant Protection Products to amenity situations. Other measures such as reviewing current training requirements for operators and the testing of spraying equipment are under review in the context of the proposal from the European Commission for a Directive on the Sustainable Use of Pesticides.

**Second Report of Session 2005–06, on
Reform of the EU Sugar Regime (HC 585),
published 17 November 2005**

16 Has Defra made any initial assessment of how the market is responding to the recent reforms? Does Defra intend to monitor the extent to which price reductions are passed on to consumers?

The planned effect of the reforms is to reduce EU sugar production by 6 million tonnes a year by the end of a four year transitional period through a levy-funded, voluntary restructuring scheme. This should eliminate surplus production and allow the EU more easily to comply with WTO subsidised export limitations. It will also facilitate full quota and duty free access for sugar from the Least Developed Countries (LDCs) by 2009, as provided for under the Everything But Arms (EBA) initiative.

There have been no applications under the restructuring scheme in the UK to date (the deadline for the first year has now passed) and none are currently anticipated. The scheme is designed to encourage ending the production of sugar from beet in the least efficient member states. The UK has a highly efficient beet processing sector and we would expect production in the UK to remain broadly at its present level.

Applications elsewhere in the EU have amounted to the cancellation of about 1.5 million tonnes of quota. This includes reductions in Italy, Spain, Sweden, Portugal and Ireland. We consider this to be a good start and as much as could reasonably be expected in the first year, where application deadlines were very tight. The crucial year will be the second year, where a very substantial volume (perhaps around 2.5 million tonnes) of production will need to be given up if the reforms are to maintain the desired trajectory.

An initial assessment of progress was made by Commissioner Fisher Boel in a presentation to the Agriculture Council on 20 November 2006. Mrs Fisher Boel explained that prospects for the second year of the restructuring scheme were not good, with applications for just 700,000 tonnes known to the Commission so far. She warned member state governments that concerted efforts must be made to take more sugar out of production or face the consequence of compulsory quota cuts at the end of the four year period.

The sugar price reporting system is just getting underway, initially on an experimental basis with a more permanent system expected to be introduced in 2007. At present, prices are being reported to the Commission on a confidential basis, with the details to be made available to member states at a later date. Obviously, the price data will be of great interest once it becomes available, as will any conclusions which can be drawn on price transmission. In the meantime, it is not Defra's intention to introduce additional price reporting mechanisms in the UK.

17 Could Defra provide an update on the current state of trade negotiations on export refunds?

There remains great uncertainty over the future of export refunds in the sugar sector. The aim of the sugar reforms is that by the end of the transitional period, the EU will no longer have an exportable surplus. In the short term there is limited EU budget availability to pay refunds in a market where EU sugar prices remain well above world levels. In the longer term, export refunds generally are likely to be phased-out as a result of WTO trade developments. Despite the suspension of the WTO negotiations in the summer, informal negotiations have re-started. As part of these negotiations the EU has conditionally offered to end all export subsidies by 2013. The UK and EU remain keen to see a successful outcome to these negotiations.

18 Could Defra provide an update on the arrangements for grower compensation and the new Inter-Professional Agreement?

Following a public consultation exercise, on 22 September 2006 Defra announced decisions on how almost £500 million of additional support for sugar reform will be incorporated within the Single Payment Scheme (SPS) over the next seven years.

In order to simplify arrangements under the 2006 SPS, the £52 million earmarked for this year will be added entirely to entitlements held by sugar beet growers who had a contracted tonnage for quota sugar for the 2005/06 marketing year.

From 2007, additional support will be incorporated into the SPS on the existing flat rate/historic split but with the annual increments in that support (relative to the 2006 level) being added each year to the entitlements held, initially at least, by sugar producers.

A new Inter-Professional Agreement between British Sugar and the National Farmers Union was concluded by negotiation in August 2006.

19 What discussions has Defra had with the Foreign and Commonwealth Office, the Department of Trade and Industry and the Department for International Development about the effect of reform on the ACP Sugar Protocol countries? What steps have been taken to monitor this effect and the efficacy of transitional assistance in helping ACP countries to adjust?

Defra has always worked closely with the FCO, DTI and DfID on these issues. But it is too early yet to talk in depth about the effects of reform – we are still in the first half of the first year of a four year transition period. The major effects of reform on the ACP countries are still to come and work is underway to ensure that adverse impacts are mitigated through a package of transitional assistance.

Reform of the EU sugar market will reduce the price paid to ACP Sugar Protocol countries by 5% in 2006 and a total of 36% by 2009. With the final details now almost complete, the transitional assistance package for ACP Sugar Protocol signatory countries totals about €1.4 billion with €1.244 billion in grant funds from the budget over 2007-13. Although less than the €1.75 billion the

UK had been seeking, this is a substantial amount of aid. The UK is still in negotiation with the Commission on the issue of front-loading this assistance in the 2008-09 budgets. We are also seeking to ensure that the assistance is spent efficiently and quickly, including using budget support, where possible.

**Third Report of Session 2005–06, on
The Animal Welfare Bill (HC 683), published 14 December 2005**

20 In light of alterations to its original proposals, made during the passage of the Bill, could Defra outline its current proposed timetable for bringing forward secondary legislation for consultation and parliamentary scrutiny?

Animal Welfare Act - Timetable for Secondary Legislation

Issue	Latest proposed timetable
Greyhounds <i>Brought forward</i>	Draft regulations 2008 Coming into force 2009 (Pressure in Lords)
Pet Fairs <i>Brought forward</i>	Regulations by 2008 (sustained Parliamentary pressure and need to clarify law in light of recent Judicial review)
Primates as Pets <i>Brought forward</i>	Code of Practice by 2008 (pressure from MPs at 2 nd Reading and Committee)
Wild Animals in Circuses <i>Brought forward</i>	Regulations by 2008 (pressure in Standing Committee)
Game Birds <i>Brought forward</i>	Draft code of practice by end 2008 Coming into force 2009 (Pressure in Grand Committee)
Mutilations <i>No change</i>	Regulations by April 2007 (must be introduced at same time as Act comes into force)
Tail Docking <i>No change</i>	Regulations by April 2007 (must be introduced at same time as Act comes into force)
Cat Code <i>No change</i>	Code of Practice by 2008 (Parliament has already seen draft which needs to reviewed)
Dog Code <i>No change</i>	Code of Practice by 2008
Pet shops <i>No change</i>	Regulations and possible Code of Practice by 2008
Animal (dog & cat) Boarding <i>Delayed</i>	No date as yet*
Tethering of horses <i>Delayed</i>	No date as yet*
Riding Schools <i>Delayed</i>	No date as yet*
Livery Yards <i>Delayed</i>	No date as yet*
Animal Sanctuaries <i>Delayed</i>	No date as yet*
Performing Animals <i>Delayed</i>	No date as yet*
Transitional provisions - if necessary	Order by April 2007

*Regulations and Codes will be introduced as soon as possible in line with available resources. Bringing any other issues forward may have a detrimental effect where commitments have already been given.

**Sixth Report of Session 2005–06, on
Bovine TB: badger culling (HC 905), published 14 March 2006**

21. Could Defra provide a summary of its work towards a statement of policy on badger culling, following the publication of responses to Defra's consultation?

Since the publication of the summary of consultation responses and the report on the Citizens Panels (12 July 2006) Ministers and officials have been working with interested parties to try to establish a shared understanding of the facts on the relationship between bovine TB and badgers. We have held useful meetings with the National Farmers Union, National Beef Association, Badger Trust and Wildlife Trusts. We have also continued with research into potential badger culling methods.

Ministers have said that they want to consider the scientific and practical foundation for a badger cull to help prevent and reduce bovine TB in cattle. However, they are not yet in a position to define a way forward and are not setting a timetable for a statement of policy on badger culling.

Work is continuing on the possible organisation and practicability of a potential badger cull to be delivered by farmers or their agents. We are not ruling anything in or out at this stage.

22. Can Defra give an indication of the likely timing of such a statement? What progress has been made towards an assessment of the reasons for the recent decrease in the number of new cases of bovine TB in cattle?

There has been a provisional 9% reduction in the number of new TB incidents in Great Britain in January to October 2006 compared with the same period in 2005. Combined with an increase in the number of herds tested over the same period, this equates to a provisional decrease in TB incidence³ of 26%.

The Chief Veterinary Officer carried out a review of the reduction in the first 6 months of 2006 compared to 2005. She concluded that we need to monitor the apparent fall over a longer period to determine whether this is a temporary phenomenon or part of a sustained trend. The decrease is likely to be caused by a complex combination of factors. The switch in tuberculin supply from the Veterinary Laboratories Agency to that purchased from Holland is not considered a significant contributory factor. We continue to monitor the situation.

Department for Environment, Food and Rural Affairs

January 2007

³ New TB incidents, as a proportion of tests on unrestricted herds