FINANCE COMMITTEE CALL FOR EVIDENCE ON THE LANDFILL TAX (SCOTLAND) BILL

SUBMISSION FROM RSPB SCOTLAND

1. RSPB Scotland is part of the RSPB, the largest wildlife conservation organisation in Europe with over one million members, around 90,000 of which are in Scotland. We campaign on issues affecting wildlife and the natural environment both at home and abroad, carry out scientific research, education, land management and policy advocacy, and promote the conservation of birds and biodiversity.

2. RSPB Scotland welcomes this opportunity to give evidence to the Finance Committee. We responded to the consultation, A Landfill Tax for Scotland in January this year. A copy of that response can be viewed at http://www.rspb.org.uk/ourwork/library/briefings.aspx or on request from allan.whyte@rspb.org.uk.

Whether the Bill is consistent with the four principles underlying the Scottish Government’s approach to taxation – certainty, convenience, efficiency and proportionate to the ability to pay

3. We feel that on the whole the Bill is consistent with the aforementioned four principles. The tax is a working example of the hypothecation in action, whereby money from an environmental ‘bad’ is able to be used to assist the delivery of environmental ‘good’ in the form of projects that directly benefit biodiversity and communities in the vicinity of landfill sites. The taxation of waste-to-landfill also encourages less waste which in itself benefits the natural environment.

The decision not to introduce significant changes to the form or structure of the existing UK Landfill Tax

4. We agree that no significant changes are required and that the tax is an effective mechanism by which to change behaviour, reduce the undesirable practice of waste-to-landfill, whilst encouraging the reduction, re-use and recycling of materials.

The use of the same list of qualifying materials as specified in the Landfill Tax (Qualifying Material) Order 2011

5. No comment from RSPB Scotland

The intention to set tax rates in subordinate legislation and in “such a way that rates will follow closely UK rates”

6. We agree with this approach. Altering rates may encourage the cross-border transfer of waste. Depending on how the rates were set, this would either lead to a loss of revenue from Scotland or an increase in the amount of landfill waste within Scotland. In addition large scale transfer of waste over large distances would increase the carbon footprint of waste handlers through increased emissions. All of these scenarios are undesirable.
The power in the Bill to establish more than two tax rates and to vary the list of material qualifying for different tax rates in subordinate legislation
7. No comment from RSPB Scotland

The provisions which will allow the tax authority to pursue taxes evaded through the illegal dumping of waste
8. We agree with these provisions which will lead to the development of appropriate legislation. We support a robust approach to the implementation and enforcement of environmental regulations, without which evasion/avoidance would likely be more prevalent, which in turn would prevent the tax achieving its objectives.

The list of activities and materials which are exempt from landfill tax
9. No comment from RSPB Scotland

The Scottish Landfill Communities Fund
10. Taxing waste going to landfill encourages us to produce less waste while delivering positive environmental benefits. It is a good working example of a hypothecated or ‘ring-fenced’ tax – it has compensated for an environmentally damaging activity by funding projects which improve the environment for the benefit of biodiversity and the communities who live near landfill sites. In particular, allowing landfill operators to contribute towards environmental projects through the Landfill Community Fund (LCF) has enabled valuable biodiversity work to take place across Scotland and delivered many positive environmental outcomes.

11. It is worth noting that this has the added benefit of helping drive forward the Government’s environmental objectives at no extra cost to the public purse, since Landfill Tax is classed as private money. This also puts successful applicants to the LCF in a unique position to make government money go further. For example, an organisation in receipt of funding from Scottish Natural Heritage could deliver more on a particular environmental project through having access to the private funding stream of the LCF. In addition, a successful application to the LCF can often be used as a tool to attract matched funding from other sources.

12. In 2010/11 the potential value of credits available through the Landfill Community Fund, and therefore available for project applications, was £74.25 million (around £4m in Scotland). For nature conservation organisations the LCF has therefore been a lifeline at a time when funding for the natural environment is being squeezed ever more tightly, and is one of the few remaining funding streams for biodiversity work. Biodiversity objectives should be a priority of any similar hypothecated scheme in Scotland and need not infringe upon any community benefit, as healthy biodiversity in itself would deliver positive environmental outcomes for nearby communities.

The role of Revenue Scotland in the administration of the tax
13. We recognise that Revenue Scotland would be the obvious overarching administrative authority. Through previous discussions/meetings we understand that Revenue Scotland intend to appoint SEPA to administer Landfill Tax in Scotland. We would support this given the expertise and information that SEPA currently hold with regard to landfill in Scotland.
The role of SEPA in the administration of the tax

14. The current administration of the tax is ungainly and costly (it costs 2% of the value of the Landfill Communities Fund to administer). By aligning the reporting of the landfill tax and the credit system, the administration would be made more efficient. This could be achieved by ensuring that Landfill Operators report tax collections and credits claimed to Revenue Scotland/SEPA. If recipients of any contributions also reported to the same body, reconciliation would be a simple exercise.

15. As Distributive Environmental Bodies (DEBs) distribute the vast majority of LCF funding in Scotland and hold considerable experience in adhering to the current regulatory stipulations, it is argued that regulation in its current form is excessive. Regulation in a future Scottish system would be much more efficient if based on a more self-regulatory system (given the ease and transparency of reconciliation). One, suitably experienced and qualified person could be employed (possibly on a part-time basis only) to analyse, resolve and report any issues that do arise. This would save thousands of pounds that could be used for the benefit of the environmental/community projects rather than burdensome administration of the scheme.

The formula for calculating the adjustment to the block grant

16. No comment from RSPB Scotland

The financial implications of the Bill as estimated in the Financial Memorandum

17. No comment from RSPB Scotland