



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Environment, Climate Change and Land Reform Committee

**Tuesday 4 June 2019**

**Session 5**



The Scottish Parliament  
Pàrlamaid na h-Alba



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**Tuesday 4 June 2019**

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**ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE**

**19<sup>th</sup> Meeting 2019, Session 5**

**CONVENER**

\*Gillian Martin (Aberdeenshire East) (SNP)

**DEPUTY CONVENER**

\*John Scott (Ayr) (Con)

**COMMITTEE MEMBERS**

\*Claudia Beamish (South Scotland) (Lab)

\*Finlay Carson (Galloway and West Dumfries) (Con)

\*Angus MacDonald (Falkirk East) (SNP)

\*Mark Ruskell (Mid Scotland and Fife) (Green)

\*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Callum Blackburn (Zero Waste Scotland)

Michael Cook (Community Resources Network Scotland)

Jacqueline Cottrell (Green Budget Europe)

Jenni Hume (Have You Got the Bottle)

Martin Nesbit (Institute for European Environmental Policy)

**CLERK TO THE COMMITTEE**

Lynn Tullis

**LOCATION**

The Robert Burns Room (CR1)



## Scottish Parliament

### Environment, Climate Change and Land Reform Committee

*Tuesday 4 June 2019*

*[The Convener opened the meeting at 09:00]*

### Financial Scrutiny

**The Convener (Gillian Martin):** Welcome to the Environment, Climate Change and Land Reform Committee's 19th meeting in 2019. I remind everyone to switch off or to silent mode their mobile phones, because they might affect the broadcasting system.

Agenda item 1 is for the committee to continue its financial scrutiny work. This morning, we will consider how fiscal measures could be used to improve environmental outcomes and promote positive behaviour change. I am delighted to welcome Jacqueline Cottrell, who is the senior policy adviser for Green Budget Europe; Martin Nesbit, who is United Kingdom director of the Institute for European Environmental Policy; Jenni Hume, who is campaign manager for the "have you got the bottle?" campaign; Callum Blackburn, who is the head of policy, research and evaluation at Zero Waste Scotland; and Michael Cook, who is the chief executive officer of Community Resources Network Scotland. Good morning to you all.

I will ask a question that not all of you might feel able to answer, although I am interested to know the thoughts of those who can. In Scotland, we obviously do not have all the powers in relation to everything that could be done to improve environmental outcomes. Do you think that the Scottish Parliament has the devolved powers that it needs to introduce environmental taxes and charges to support the policy objectives in the environment portfolio?

**Callum Blackburn (Zero Waste Scotland):** Fiscal measures are one aspect. We have powers around things such as producer responsibility; fiscal measures in that regard can be very effective, particularly in relation to prevention and redesigning materials so that they are more recyclable. From that perspective, we can do a range of things.

We should also remember that, with fiscal measures, we would usually want to have a holistic package. That would mean having not just one measure on its own, but a range of measures, including behaviour change actions and action on procurement, which is a big area over which we

have control. You could create a package that would focus on the things over which Scotland has competence.

**Martin Nesbit (Institute for European Environmental Policy):** On Callum Blackburn's point about having a holistic package of measures, in some of our research on environmental taxes across European Union member states, we have found that demonstrating that an environmental levy or tax is part of a wider package that takes into account social and economic issues and so forth, is the most important thing in relation to the success of the taxes. That is more challenging at sub-member-state level, because the sub-state has to knit together the package from the elements that are under its control, while there is a lack of control in that someone else might make a decision on other parts of the tax package that would disrupt the overall cohesive package. It is certainly still possible, however.

**Michael Cook (Community Resources Network Scotland):** I support what has been said. We have seen evidence of change in the past, such as the carrier bag charge. In the present, we see the deposit return scheme coming through. In both those cases, a relatively small levy nudges consumer behaviour and sends clear signals, and has clear environmental benefits.

We would like to see not just the negative being discouraged, but the positive being encouraged. There must be recognition that, as Callum Blackburn said, tax and fiscal measures can achieve only so much. If we take into account the whole waste hierarchy—how we encourage reuse and repair at the top end rather than only discouraging sending things to landfill—we see that some of the relevant tax powers rest south of the border or in Brussels. Changes to VAT that might help in that regard are a Europe-wide issue.

**The Convener:** What power could be moved to the Scottish Government that would remove a barrier to our taking meaningful action in a particular area? You mentioned VAT: does anything else spring to mind as a tax that could be deployed usefully if it resided at Scotland level? Obviously, such a move might have other consequences.

**Michael Cook:** Obviously, we do not have a view on that. Commenting on where powers should rest is above our pay grade, so to speak. We make the point that the challenge requires a holistic approach. That means that people must think across fiscal and other boundaries in order to achieve the environmental objectives that they want.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** I think that we have opened up quite a wide issue—the subject could have an

academic dissertation that would take four years to complete, but I am looking for a concise view.

Almost all the references to tax have been about using tax to influence behaviour. However, the primary reason for taxation is, of course, to raise income to spend on Government objectives. There is also the wider issue of using taxes to raise money for specific purposes—I am almost unique in not thinking that that is a good idea.

How do we strike a balance? Are taxes really the best way of influencing behaviour, or should we be thinking about legislation? I am looking for extremely high-level answers, so that they are concise.

**Jacqueline Cottrell (Green Budget Europe):**

There are certainly examples of where regulation might be the better way of achieving an environmental goal, but there are also cases in which an environmental tax is the most cost-effective way of doing so. In targeting a diffuse population, an increase in price—even quite a small one—can nudge a change in behaviour. That is, therefore, the most cost-effective option that is available to the Government.

On the question of taxes being used primarily as a means of raising revenue, the situation is not quite as simple as that in relation to environmental taxes. That is because, at first, they raise higher amounts of revenue: over time, and depending on the structure of the tax, revenue can fall, as behaviour changes. There are ways of combating that—for example, by introducing an escalator, so that the tax increases over time. However, as a general rule, the focus of an environmental tax must, in the first instance, be its environmental purpose.

**The Convener:** Given the powers that the Scottish Government has at its disposal right now, is there anything that strikes you as being something that is not being used to its fullest extent, but which might improve some environmental outcomes?

**Jenni Hume (Have You Got the Bottle):** If we could advise one single change, we would say that, rather than ministers and non-governmental organisations exhaustively going through every product or packaging type and proposing individual bans, levies, deposit schemes or phase-out dates, it would be better just to require full producer responsibility for all products that are put on the market. That would mean that producers would have responsibility for working out the most cost-effective and efficient ways to package their products.

**The Convener:** So, for example, that would put the onus on supermarkets to use easily recyclable packaging.

**Jenni Hume:** Yes. When the Norwegians introduced an environmental tax, they did not dictate the need for a deposit return system, but the drinks producers got together and realised that such a system was the most effective way of reclaiming their bottles and cans. They came up with it on their own, based on the principle that they were responsible for the full cost of reclaiming their products.

**The Convener:** Does anyone else have any thoughts on the matter?

**Callum Blackburn:** As we see it, producer responsibility and the kinds of schemes and measures that are associated with it will be the next progression in trying to tackle issues such as reducing use of materials through prevention and design. I therefore agree with Jenni Hume; there is more that we can do, and we can go faster and further if we use producer responsibility to make what are serious changes.

**The Convener:** The most obvious change that will come with a responsibility on producers to eradicate all unnecessary packaging is reduction at source.

**Callum Blackburn:** That depends on the design of the scheme, which is where things get more complicated. For each product, you will need to think in quite an in-depth way about how the scheme is designed in order to ensure that producers have the right incentives to optimise their use of materials and ensure that end-of-life recycling is available.

**Michael Cook:** The scope of such a scheme would be very wide: it would include not only packaging, but design and retail. It is a great principle, but it needs to be simpler and easier to understand than the current producer-responsibility concept. Moreover, it will need to be thought through for the entire waste hierarchy in order to ensure that there are no negative consequences for, say, second-hand goods. After all, we want such goods to be more attractive than new ones, because that is better for the environment.

**Martin Nesbit:** I want to sound a boring note of caution. I very much agree that extended producer responsibility is the right way to go, if you can make it work in regulatory terms, but designing an effective scheme will be enormously challenging. Through having considered only packaging until now, producer responsibility has focused on the most easily manageable regulatory structure. It will be very challenging to go beyond that.

I will come back to Mr Stevenson's question on the purpose of all this. We should be trying to introduce a kind of binary decision point in consumers' minds. In other words, they will make a choice at the point of purchase as to whether to

take a plastic bag, or whether to have a disposable cup for their coffee. That is the best way of triggering a behavioural response. It is not so much about revenue as it is about getting people to think about their patterns of consumption.

**The Convener:** That can be quite difficult when you go into a supermarket and you have no option but to buy, for example, cucumbers that are wrapped in plastic. Should supermarkets be more forward thinking and offer consumers the choice at source of not having plastic when it is not completely necessary? There are only so many choices that the consumer can make: they can opt to bring their own cup or their own bag, but when it comes to buying apples, for example, the fact is that they are packaged one way.

**Martin Nesbit:** Yes. One potential option, through the use of the electronic information that is available to supermarkets, is to give consumers a print-out of the environmental impact of their shopping basket. They might not be able to make the choice at that point, but they will be made more aware of the packaging that is used and the carbon impact of their shopping basket, and might then be able to press supermarkets to make more choices available. However, it is a challenge.

**Mark Ruskell (Mid Scotland and Fife) (Green):** I want to jump back to look at the bigger picture. There has been a lot of discussion in Scotland, the UK and the US about a green new deal and the kinds of transformative changes that we need to put in place to tackle climate change. Do you have a top fiscal approach or tool for stimulating a green new deal in Scotland?

09:15

**Jacqueline Cottrell:** On the areas of big potential in the Scottish context, I was interested to read in the Scottish Parliament information centre briefing the areas where new taxes could be introduced in Scotland. One area where revenue could be raised and where there could be an environmental impact is extraction in the oil industry. One could argue that a carbon tax would lead to distortions, but it could be worth discussing levels of extraction as a mechanism for kick-starting a green new deal, because that would have an impact on something that Scotland would—I presume, given its climate policy—like to move away from in the medium term. Moreover, given that 90 per cent to 95 per cent of UK oil production takes place in Scottish waters, economic distortions would be a considerably less strong argument in relation to taxing extraction of oil.

**The Convener:** I do not believe that the Scottish Parliament has the powers over that. Am I wrong in thinking that that power sits at UK level?

**Stewart Stevenson:** I think that that gets us into the usual territory, convener. The issue can be approached sideways: even though we might not have the particular power, we have control over the environmental rules that govern the activity, so we could withhold environmental consents until we see certain behaviours. That is often how we have to do such things. It is why we do not have nuclear power in Scotland: we do not have the power to forbid it, but we provide the consent to build power stations.

**Mark Ruskell:** The powers that we would have are potentially light, though, as far as this discussion is concerned.

**Stewart Stevenson:** Yes—but I am sure that Callum Blackburn will be able to tell us how the system can be wrestled with to make it deliver, even though we do not have the power.

**Finlay Carson (Galloway and West Dumfries) (Con):** We have touched on an issue that is very much making the news headlines at the moment. People want to do these things, but as the convener has pointed out, it is hugely frustrating to go into a supermarket to buy, say, tomatoes and to find that they are either in plastic packaging with plastic or paper trays, or are loose and priced differently. The ones in the plastic are priced at so much per kilo, while the loose tomatoes are priced individually, so it is very difficult for the consumer to compare the prices and packaging.

Another example is the ready meal that I bought last night, which came in a foil tray with two plastic sachets and cardboard on the outside of it. It is really difficult to recycle all of that, particularly in Dumfries and Galloway, with its crazy recycling scheme.

Should the emphasis be on consumer choice? The examples that I highlighted show that that would make things difficult for consumers, who would have to make all those decisions as they do their weekly shop. Should the emphasis, therefore, be on levies and taxes? You have talked about producer responsibility, but the conditions are right for people to make the changes by reducing waste and so on. Who should the weight fall on?

**Jenni Hume:** We think that responsibility should absolutely lie with the producers to put in place an infrastructure and shopping environment that will allow consumers to make the right choice. We agree that it is really frustrating that people are trying to do the right thing but cannot because options are not being offered. The Department for Environment, Food and Rural Affairs has just closed its consultation on extended producer responsibility, which was, as you will know, carried

out across all the devolved Administrations. That said, I think that I am right in saying that, if DEFRA's suggestions on extended producer responsibility turn out not to be ambitious enough, Scotland has some powers to go beyond them—as if the issue were not already complicated enough.

**Callum Blackburn:** It is good to point out that there is a balance: the consumer, too, is required to react and make the right choices. However, the initial enthusiasm for making such choices can wane over time.

I also agree with Jenni Hume that the producer has to step up, and we need some ambition and leadership at the highest level with regard to the packaging reform scheme that she mentioned. There is a risk, though. The current producer responsibility scheme recovers only about 10 per cent to 15 per cent of the costs that the producer should be paying for. We need to see something that is more ambitious, but we also need to realise that people other than the producer have to be involved—the consumer, the retailer and various others. That makes the situation quite complex, but if you get the right solution, it works well.

**Claudia Beamish (South Scotland) (Lab):** I would like a little more detail from Jacqueline Cottrell—and anyone else who wants to answer—on something that was mentioned. I am not an economist but, using carbon tax as an example, my understanding is that a tax goes to the state to be distributed as appropriate and that a levy—such as the single-use bag levy—goes to local community groups, environment groups and so on. That means that it is possible for a devolved Administration to implement levies—let us hope that it does, anyway, because we have implemented some already.

The oil industry has been mentioned. Do you see any opportunity for there to be some form of levy, rather than a tax, that would shift opportunity into sustainable green energy projects and local economy projects?

**Jacqueline Cottrell:** I am not an expert on the Scottish system but, from the SPICe briefing, I would say that it would be possible to implement a levy under the current arrangements. Further, section 80B of the Scotland Act 1998 notes that there is a mechanism to add new devolved taxes of any description via an order in council. Would it be possible to consider introducing a new tax on exploration? There seems to be potential for that. The discussion of distortions is one that could be relevant in that regard, because 95 per cent of the oil industry is in Scottish waters.

A levy is an interesting idea. If the funds were used to invest in renewable energies, that could be a way of avoiding the discussion altogether

while raising revenues for a shift towards renewable energy in a Scottish context.

**Martin Nesbit:** I would, again, counsel caution. The distinction between what Scotland does and does not have powers over is a real challenge. The risk is that you design instruments just to get around a set of rules and end up with a suboptimal set of instruments.

Essentially, as I understand it, the distinction between a levy and a tax concerns whether the money goes to Government or stays with either the retailer or the industry. Having the money remain with the industry, and letting the industry choose how to spend it, is not necessarily the best way of using money that is, essentially, public money.

For example, from my experience in England, I can say that the landfill tax gave landfill operators an opportunity to do quite a bit of advertising for themselves through local environmental schemes. Many of those schemes were good, but they were not necessarily the best use of the funding.

I absolutely recognise the challenge, but the levy route is not necessarily the best way of designing an effective tax and spend system.

**John Scott (Ayr) (Con):** I would like to return to the issue of behavioural change. How easy will it be to sell to consumers the packaging reforms that you are talking about, which will, essentially, mean a reduction in choice? In most cases, the packaging is there to increase shelf life, not because anyone in the industry wants to introduce additional cost. Would the reduction in choice that would necessarily flow from what is being suggested be an easy sell?

**Callum Blackburn:** DEFRA has set out the initial ambition for packaging reform at the UK level. Some packaging is made of composite materials; other packaging is made of plastic that is difficult to recycle. Much of the packaging reform will focus on making those materials easier to recycle, having better messages for consumers and making it easier for consumers to recycle. I am not sure that choices will reduce, but the environmental impact of those choices might be less, because the packaging reforms will lead to changes in design or in how materials are manufactured.

**Jenni Hume:** I agree. The packaging reforms will also improve the infrastructure, which will make it easier for people to recycle items. For example, 43 per cent of households in Scotland do not have access to kerbside glass recycling, so the introduction of a deposit return system that includes glass will make it a lot easier for people to take their bottles back for recycling.



The packaging reforms will not necessarily reduce choice if customers want to have something that is packaged but, as Callum Blackburn said, the packaging will be better designed and easier to recycle. The infrastructure will improve, too, because producers will be putting money into setting that up—at the moment, the burden falls on local council taxpayers.

**John Scott:** How would you define “green fiscal reform”? What are its principles? How should Governments be strategically undertaking green fiscal reform? There is a blank canvas for you.

**Martin Nesbit:** The institute has done a fair amount of work on environmental tax reform across EU member states. First, green fiscal reform is an attempt to internalise the environmental cost of decisions through the tax system. Secondly, it is, to some extent, an attempt to ensure that taxes are placed on polluting activities, rather than on economically productive or socially useful activities. Thirdly, it is an attempt to drive behavioural change.

Knitting together those three elements as part of a wider package is essentially what environmental tax reform is about. There are short and long-term elements to that. In the short term, you are trying to drive behavioural change; in the long term, you are shifting how your economy works, with taxes on polluting activities hopefully reducing the level of those activities, and having a more environmentally sustainable tax base overall.

For finance ministries, the challenge in designing environmental tax reform that works is often that success in driving behavioural change reduces the tax base. In my previous existence as an environment official in London, I had a lot of conversations with colleagues in the Treasury. Although they would be very enthusiastic about an environmental tax scheme in order to secure environmental benefits, they did not like it at all in terms of the tax base, because such a scheme would make that base less stable overall.

**Michael Cook:** For me, green fiscal reform is about overcoming some of the inherent problems with the environmental agenda. It is hard to conceptualise. We throw out messages about a 2°C rise in temperatures and ice caps melting, but those things are a long way away—the timescales are longer than any parliamentary cycle, albeit that we are seeing increased urgency about the need for action and we welcome the First Minister declaring a climate emergency.

How do you take a largely abstract concept and make it tangible for the consumer and the producer when a lot of the environmental costs are paid a long way from the point of production? Plastic that was created here could wash up on a beach on the other side of the world. How do you

internalise the cost of that so that the producer who creates the environmental cost also has the consequences up front? That is important, because a rational market will respond to that by reducing those costs, because producers will be incentivised to do so. As complicated as that is, that is at the heart of the matter.

One part of that is consumer focused and is to do with changing behaviours and helping people to understand that making a good choice here is worth while. I totally agree with what was said earlier about bringing passive, reactive behaviours to the point of a conscious choice—for example, being gently nudged to make the right choice because there is a 20p deposit charge on a bottle.

The other part is focused on the producer and involves improving the behaviours up front that will then flow through the life cycle of that product.

09:30

**Stewart Stevenson:** I want to test something that Martin Nesbit said. Is he saying that environmental taxes should be replaced by levies, and that the fruits of those levies should be applied to the environmental problems and should not go near the Treasury, thus relieving the Treasury of the instability and the downward pressure that is, properly, associated with using taxes in that way? Is he saying, essentially, that taxes should be things that are imposed on consumption, income and asset disposal rather than being instruments that are designed to change behaviours? In other words, is he saying that behavioural change should be accomplished through levies, and income generation for the state should be accomplished through taxes?

**Martin Nesbit:** In a previous question, you asked for a short answer. The short answer is no. The slightly longer answer is that a levy is an instrument for generating revenue and applying it to a public purpose. That sort of thing is much more easily managed within Government than it is by being outsourced to the private sector in the form of mechanisms that ensure that the income avoids the tax and expenditure accounts.

**Stewart Stevenson:** So, if you have a levy, you need a method by which public policy determines how the levy is spent.

**Martin Nesbit:** Absolutely.

**John Scott:** Notwithstanding Mr Stevenson's line of questioning, what opportunities do you see for new taxes or levies? I speak as someone from a party that is fundamentally opposed to increasing the burden of taxation, which means that I am driven towards the idea of a levy being something that is of value to drive behavioural

change. Where do you see possibilities in that regard?

**Martin Nesbit:** Are you asking for suggestions within the current powers?

**John Scott:** Within the Scottish context, yes—within what we can do in Scotland.

**Martin Nesbit:** To be honest, I am not enough of an expert on what currently exists in Scotland and what the flexibilities are to be able to answer that question, but colleagues on the panel might be able to help.

**Callum Blackburn:** We have mentioned producer responsibility a lot, which is within the competence of the Scottish Parliament and the Scottish Government, although, in many cases, we choose to be part of a wider UK scheme because, often, that is easier to manage.

Other approaches that have been used quite effectively include minimum pricing. The single-use carrier bag scheme has been quite successful—that small charge for a carrier bag has made a significant difference. There are other areas in which that approach could be applied. I know that the expert panel on charges and other measures has recently considered whether a minimum-price policy should be applied to disposable coffee cups. Those are things that are relatively easy—no, that is not right; nothing is easy, and the research shows that these things are always complex. I should say that applying that approach is easier than implementing a full tax. The approach works well in areas where you would like the money to be retained by the retailer or producer.

The other area of influence is around the proposed tax for plastics packaging at the UK level. Although that is within UK competence, we should try to influence that as much as possible and be as helpful as possible in creating recycling markets and driving the change in packaging design. To return to the earlier question about what we would ask for, it would be useful if that tax was broader than just plastics and also considered other packaging, or even plastics outside of the packaging sphere. Although that is particularly within UK competence, the devolved nations obviously contribute.

**Jenni Hume:** We agree that the proposed tax should consider all materials, rather than just plastic, including biodegradable and compostable items, which can be unexpectedly problematic, in that we do not have the infrastructure or information to support people to know how to do the right thing with them. Growing the resources that we need to make them also uses a lot of land, so we are not moving away from the single-use problem when we replace coffee cups with compostable items.

We can also consider applying the deposit mechanism to other items as well as bottles and cans. In Germany, for example, there is a system called the Recup programme. I think that it is in Cologne that 2,400 outlets have signed up to it. People pay a €1 deposit to get a reusable coffee cup, which they can get from one cafe, use, and then return to another participating cafe. There has been a lot of interest in the programme in a short space of time. I would be happy to send the committee information on that in writing.

**Finlay Carson:** To shape future policy, we need to look back at how other levies and taxes have worked and learn lessons. As we move forward with new levies or taxes, what specific lessons do we need to recognise and learn from the Scottish landfill tax and the carrier bag levy?

**Callum Blackburn:** Looking at success, I think that the landfill tax has been very successful as a push mechanism to get material out of landfill. Over the past 10 years in Scotland, it has been part of the package that has driven increased recycling and got us up into the mid-40s. Obviously, anything to do with recycling and the circular economy also has a big impact on climate change, so it has contributed to helping with that, too.

I return to what Martin Nesbit said. A challenge with environmental taxes is the fact that we are trying to change behaviour so the revenue declines. With the landfill tax, however, we had an escalator in there from the start. Business and industry knew what it was and could predict what the price would be over the years, which has allowed the revenue to be more stable. At the same time, that approach has allowed businesses to prepare, and the incentive has increased over time. We could apply that kind of thinking to other examples. Using an escalator and giving some certainty about the future price of the tax have proved successful in relation to the landfill tax.

**Michael Cook:** I agree that both initiatives mentioned by Finlay Carson have been successful overall, and that we have seen positive effects on the ground. In terms of fine tuning such initiatives, a lesson to learn is to think through the possible knock-on implications further up the waste hierarchy.

The Scottish landfill tax is there to discourage landfill—the worst thing that you can do with things is bury them in the ground—but we do not want there to be negative consequences further up the waste hierarchy as a result of such taxes.

One small example is the impact as the cost of putting things into landfill goes up. The Charity Retail Association has done research that shows that 30 per cent of charity shops in Scotland are charged for their waste. Charities take household

waste and divert a huge amount of it from going to landfill—they save 99 per cent of books, 92 per cent of media and 95 per cent of textiles from landfill. They are unable to divert a small proportion of that waste, and if they are charged for disposing of it, that can have a consequence and discourage them from taking a donation. In effect, they have to think twice about whether to take a donation.

The landfill tax is definitely a good thing, but we would want there to be clarity on how things are worded, to ensure that reuse or repair—the higher-value waste hierarchy activities—are consistently encouraged.

There is potentially one side-effect of a levy in comparison with a tax. There may be a middle ground between a tax, over which the Government has complete spending control, and a levy—in the case of carrier bags, there is a voluntary arrangement, with many retailers giving the levy to good causes. Depending on the level of our influence—if we had any—we would want environmental levies to be encouraged, supported or required to go to environmental benefits. That would have a compounding effect: as well as changing consumer and producer behaviour, investing that money could make a significant difference.

**Finlay Carson:** You have pre-empted my next question. If we are in agreement that the taxes and the levies have returned positive policy outcomes, has the use of the revenue generated been maximised? We have the Scottish landfill communities fund and voluntary arrangements for the carrier bag levy. Are we maximising the revenue that we get from such schemes? Could more be done, rather than the funds going to voluntary or charitable organisations or whatever?

**Martin Nesbit:** Do you mean maximising the impact of the revenue?

**Finlay Carson:** Yes.

**Martin Nesbit:** Again, with apologies, I am not an expert on what happens in Scotland. You could potentially simplify things from a business point of view by setting up a mechanism at Government level into which the levy collectors—that is, businesses—could contribute their funding. That would then enable you to channel and direct that money towards projects of genuine public priority, rather than towards projects that look good in public relations terms from the point of view of the levy collectors. Arguably, that is a slightly crude way of getting round the levy distinction.

One concern that I have about levy mechanisms is that they introduce quite a lot of complexity for the businesses that have to collect the levy and then distribute it. That task is not really part of their core business, and if they could pass it back to

Government voluntarily, the mechanism might be more effective from their point of view.

**Finlay Carson:** We have been talking about the performance of environmental taxes or charges operating at the UK level. Is there an argument for further environmental taxes and levies to be devolved to the Scottish Parliament? Do you have any examples?

**Martin Nesbit:** Do you mean at the business level?

**Finlay Carson:** Is there a case for devolving more taxes or levies from the UK to Scotland? I suppose that that might include deposit return or carrier bag schemes.

**Callum Blackburn:** As I understand it, the minimum carrier bag charge, deposit return and other producer responsibility schemes are devolved—we have the powers to implement those schemes. However, when we look at packaging, the picture across the UK is sometimes very complex, so it makes sense to try to work within the UK scheme. I think that the challenge is where the ambitions of Scottish and UK ministers are not the same and the scheme in the UK is not as ambitious as what we would want to see in Scotland.

On the proposed plastics tax, which I mentioned, it would be nice to see a scheme that is a bit more ambitious than the current proposals and that goes faster and further. However, we do not currently have competence in that area, although we can influence the policy.

09:45

**Jenni Hume:** It would make more sense for the devolved institutions to have a proper free hand, unless a particular measure has a demonstrable negative impact on the rest of the UK. That would give the devolved institutions an easier option in deciding between taxes and levies—they would be able to apply the most appropriate one and not just the one that is easiest because of the powers that they have.

**Martin Nesbit:** As a sunny-minded optimist, I like to imagine the possibility of virtuous competition between the different parts of the UK in the level of ambition that they set for environmental taxes and levies and the use to which the revenues can be put. To an extent, that has operated with the plastic bag levy: it was first introduced in Ireland, demonstrated its effectiveness and was then taken up more broadly.

**Mark Ruskell:** Jenni Hume and Callum Blackburn mentioned their involvement in the expert panel on environmental charging. I am not sure whether any of the other witnesses has been

involved with the panel. Do you have any more thoughts on the panel's remit and what you expect to come out of it?

**Jenni Hume:** We would love to have an NGO representative on the panel. There are academics and experts from industry, and there is somebody from the 2050 Climate Group, but it would be really valuable to add somebody from an environmental NGO. More broadly, we would love to see a top-down approach that is driven by the principle of full producer responsibility rather than an approach of going item by item. That would make more and bigger change happen more quickly.

**Callum Blackburn:** The panel had stakeholder events at the beginning of May, which Jenni Hume and I attended and which looked at a package of measures around coffee cups. That included consideration of a minimum charge, based on separating out the cost of the cup from that of the coffee. That is one option. The panel also considered reuse schemes, which Jenni mentioned and which operate in other countries. The panel is considering whether that approach would help to change behaviour so that people reuse coffee cups rather than use disposable ones. The panel has consulted on a range of measures and looked for input on them. I believe that its role is to make recommendations to the Scottish Government, and I am sure that it is working on that, based on the output from those events.

I understand that the next issue that the panel will consider is the range of plastic items under the EU single-use plastics directive. The materials that the EU has targeted, either for a ban or for serious reduction measures, include various plastic products, from straws and plastic cutlery to fishing nets, for example. That is the kind of issue that we expect the panel to make recommendations on after it has made recommendations on disposable coffee cups.

**Mark Ruskell:** So the panel is partly taking a lead from that directive. Are there any other expert working groups at the UK or international levels that feed into the agenda of how we deal with plastic waste?

**Callum Blackburn:** There is also the UK plastics pact, which was initially driven by the work of the Ellen MacArthur Foundation on the impact of plastics globally. The Waste and Resources Action Programme in England, which is known as WRAP, facilitated the setting up of the pact to look at a range of objectives to reduce the overall impact of plastics by increasing recyclability and removing non-recyclable plastics from the supply chain. That work is under way, with a group orientated around it.

**Jenni Hume:** Environmental NGOs have a lot of expertise. I was part of the UK-wide LINK, which includes the Environment LINK organisations for Scotland, England and Wales and which has written in-depth, informative responses to the recent DEFRA consultation that make for helpful reading—they have a lot of information.

**Jacqueline Cottrell:** I second that point. It is really important for the expert panel to include civil society voices. A lot of work in Scotland is being overlooked because those voices are not represented on the panel.

**John Scott:** I will throw in a tangential issue, although it is environmental. As I was driving through to Edinburgh last night, I heard a BBC Radio 4 programme on the need to maintain infrastructure. We have been talking about reducing, recycling and reusing, but maintaining is not part of that. What are your views on critical infrastructure, which so often deteriorates to the point at which it needs to be replaced if it is not maintained in terms of engineering? With regard to behavioural change, we may need to enhance views about maintaining what we have. That very important issue may not have been thought of while we have focused on—dare I say it?—coffee cups and plastic bottles. It is right to focus on them, but we should also focus on other things.

**Michael Cook:** I will keep the three Rs approach, to which I will add “repair” as the fourth R. The best thing that we can do is repair something and keep it in use, not replace it with something new, with all that carbon footprint. The right to repair consumer products means building repair into design, which makes repairability easy. If a complex thing breaks, it should be easy to get the one little thing that is needed to keep it going for another five years. A lot of good initiatives are coming out of Scandinavia about the right to repair and making it a mainstream activity. Repair is not a last resort; it is the first thing that we should do, and it is the environmentally responsible thing to do.

**The Convener:** At the moment, it can be quite difficult to do that. We have spoken about the fact that charity shops cannot take certain items, such as electrical items that cannot be passed on. When something like that breaks, because a lot of the components are sealed and people cannot get the special tools, repair is not the first thing that people do. What could change that culture?

**Michael Cook:** I have a small example—but a great one—from my town of Stirling. Transition Stirling runs a repair cafe; people can take anything in and the cafe will work with them to fix it. If people do not have the time to attend, the cafe will try to fix it for them for a small hourly charge. Tool libraries that offer repair opportunities

are springing up in the main cities—they are part of the way forward.

**Martin Nesbit:** Mr Scott was thinking principally about large-scale infrastructure.

**John Scott:** An example is the Forth road bridge, which was not necessarily designed with maintenance in mind, and that became a problem.

**Martin Nesbit:** We have been very focused this morning on products at the consumer level, but the environmental tax picture is also relevant to big infrastructure choices. Long-term planning for infrastructure, particularly to ensure that it will be resilient to the impact of climate change, is obviously an important priority for Governments across the EU.

We can also drive the right investment decisions by providing long-term clarity about carbon prices and more general environmental taxes, thereby giving industry clarity on what investment in infrastructure will be sustainable—or not—in the long-term.

Removing uncertainty through our long-term tax system is one of the most important ways in which we can drive a private sector response to the investment that is needed to decarbonise the economy. The question is relevant to environmental taxation, but it is perhaps slightly outside the scope of what we have been discussing this morning in relation to producer responsibilities and the product and consumer levels.

**Jenni Hume:** Perhaps there would be space for looking at the wider picture in the proposed circular economy and zero waste bill, which has been promised for this parliamentary session. I hope that that will go beyond what we have focused on this morning and look at the bigger picture in order to address the matter holistically.

**Callum Blackburn:** I agree with Martin Nesbit that we need to get the carbon price right for big infrastructure. We have a process for doing that, but the question is whether we are getting it right, knowing what we know now. That will certainly influence a lot of our investment decisions on big infrastructure and enhance the opportunities for repair and maintenance over other options.

Going back to the consumer level, I think that there are two things that could really change. The first relates to repairability and what we do with public procurement. We can request things through public procurement that will have a big influence on the market. We spend billions of pounds every year, and we should use that money to optimise the opportunities for repair, maintenance and reuse. The second point relates to the design of producer responsibility schemes, which we have already discussed. If such

schemes are applied to durable items such as electronics, there should be criteria that incentivise repair and maintenance in producer manufacturing processes.

**Jacqueline Cottrell:** I agree with everything that has been said, and I will build on what Martin Nesbit said about creating long-term stability in policy and encouraging private investment. We have not discussed in depth the definition of environmental fiscal reform, which goes further than just talking about taxes. It looks at the expenditure and subsidies that exist in a Government's budget and at tax exemptions and reductions. There is a great deal of potential to free up revenues that are currently incentivising environmentally undesirable behaviours in Scotland and in the rest of the UK. Such revenues could be used to cover the costs of the infrastructure repairs that were deemed necessary to the economy. We have also not discussed the amount of money that flows into North Sea oil exploration due to subsidises at the UK level.

All those factors need to be taken into account when we are screening for environmental tax policies. We should be thinking about what the Government spends and about the incentives that it provides. Such incentives might have been put in place inadvertently or for a purpose that has simply been lost. How much spending goes on that? How can we reform the system to better drive investment and the economy on to a more sustainable path? Those are important questions to consider.

**Finlay Carson:** What is the potential for changing the culture so that we provide more services rather than buy more goods? For example, the Scottish Parliament building contains tens of thousands of light bulbs, so, rather than buying lots of light bulbs, the Parliament could buy a service and secure a contract for a company to provide light. Is there the potential to incentivise consumers to do that with washing machines or tumble dryers?

For example, John Scott talked about the costs of maintenance and repair work. I have a tumble dryer that cost £140. A little component that costs about 50p needs to be replaced, but I will buy a new tumble dryer because I do not know how much the service engineer will charge me for a call-out in a rural area. Those are the sorts of things that consumers need to consider.

Is there the potential for services, rather than goods, to be sold? I might buy a clothes-drying service from a company, but I would not own the tumble dryer. That is a bit like the situation with cars: I might not want to buy my own car, but I need to get from A to B so I buy a service that will allow me to do that. Could such a system be used in the future?

10:00

**Martin Nesbit:** Have you thought about a washing line? [*Laughter.*]

**Finlay Carson:** Oh yes, ours is very much in use at the moment.

**Callum Blackburn:** Zero Waste Scotland has a lot of experience in that. We have a programme in which we support businesses to make a transformative change to their business model by moving from selling assets to something more circular, such as a lease or rental model. There are quite a lot of challenges and it is not right for everything.

It can work, particularly now that we are in the digital age and have better access to information. However, there are some challenges around liabilities, insurance, how assets appear in company balance sheets and how their cash flow works. We have to consider it case by case.

There is some pioneering work going on. There are now companies in Scotland that provide a service for people to rent LED lighting. However, in the Parliament's case, it would have to adapt to that change and it might mean that it would need a different contractual arrangement and different staff expertise.

That is sometimes called servitisation. It is definitely the way to go, but it is pioneering in different areas at different speeds, depending on how easy it is for that area to move to a leasing or rental approach.

**Martin Nesbit:** It is one of those areas in which we want to see innovation and the creation of such schemes in the private sector, but it is quite difficult for the Government to direct that from the top down. What the Government can do is, when those schemes and services become apparent, address all the handicaps or little regulatory challenges that might be in the way.

There will be some cases where the Government can adapt the levies and charges to encourage such schemes. For example, the congestion charge in London does not apply to car-share systems. That is a mechanism that drives down the cost of those systems for consumers—another important incentive is that no one can park a car in London anyway. That is one way of ensuring that such a scheme can be encouraged and given an additional boost once it has been set up by the private sector.

**Claudia Beamish:** A few of you have already highlighted new action, but I would like to focus our minds further on that. Let us explore the priority areas for action, where there are the best opportunities for environmental fiscal reform.

We talked about infrastructure and new infrastructure, but we have not talked about the implications for those working in current industries and how that shift can be supported through a just transition. It would be useful to hear your views.

Let us start with the circular economy and waste—plastics, textiles and very demanding problem waste streams. I will highlight an issue in relation to furniture. I was on a website where you can buy used furniture—I will not say which one—and I was wondering why all those wonderful corner sofas that are only three or four years old were being sold. It is great that those sofas are not being dumped in landfill and that people can buy them—they looked great to me, although they might have had a slight stain on one arm or something like that—but why are they being sold?

Addressing that issue is partly to do with tax and levies but also partly to do with our behaviour as consumers. I include myself in that—I face challenges.

Can we think about the circular economy and those areas first and then move on to broader climate change mitigation issues?

**Jenni Hume:** I have one quick comment. I am not sure what is being done to train people and whether we have modern apprenticeships to encourage people to learn repair skills. It feels as if we are losing a generation of people who have such repair skills. If we could teach our young people those skills, it would help encourage the repair economy and breathe life into some of Scotland's more rural areas, from which people are moving away.

**Michael Cook:** A message that some panel members have hinted at and I echo is that, if we broaden out the discussion beyond plastic, there are lots of hard-to-recycle materials including mattresses, tyres, bike tyres and carpets. There is no good option to recycle those in Scotland, or any option at all.

My other point is that we should think more holistically around what we are trying to achieve and make sure that if something is broken it can be fixed or if someone is getting rid of a sofa, for example, it can be reused. Those things are all better than landfill, so how do we make sure that they are happening as the first choice. How does that get more mainstreamed?

Echoing what Callum Blackburn said, I think that public procurement has a role to play in that. It is more complicated and it takes time, but if reuse is not an option in public procurement, why would the individual do it? We have run a reuse consortium as an initiative for the past two years. It is a national contract with Scotland Excel to provide reuse furniture to local authorities and, so far, Fife, Aberdeen and Renfrewshire are buying

reuse furniture. The lovely sofa that you saw in that shop is an option for local authorities to buy on the national contract. We would love to see more initiatives for public procurement to buy reuse items. That is how behaviour will change.

**Jacqueline Cottrell:** If we are thinking about how to realise a circular economy, it is very important to think about how to enable repair to take place. Part of that is about labour; at the bottom end of the income scale labour needs to become cheaper so that it is more feasible for employment to fill that gap.

Green Budget Europe carried out a study on developing a road map for the circular economy in Finland. We looked at what kind of taxes could be implemented to drive change in industry—things such as carbon taxes, fossil fuel subsidy reform and electricity taxes—and at using a proportion of those revenues to reduce labour costs at the bottom end of the scale and create more possibilities for repair to be part of the economy.

We all know that, as things are now, it is expensive to have something repaired and, on many occasions, cheaper to buy a new sofa, for example. Thinking about how to reduce labour costs is an important element in the circular economy.

**Claudia Beamish:** What are the panel's views on climate change mitigation, including how the Scottish Government should use its powers over air departure tax, assuming that the issues are resolved to enable the tax to be devolved? Also, what are your views on taxes in relation to natural resources such as peat, food chain supplies, forestry and pesticides? I was going to say "even pesticides", but only because we seem to be talking about banning those rather than taxing them. Are there any comments on any of that? I put it all together in case people want to comment on some bits rather than others.

**Callum Blackburn:** A lot of the measures on the circular economy—things that we have already been discussing to do with procurement, producer responsibility, landfill tax and so on—have a very big impact on carbon. In effect, they address the carbon issue, although they are not a form of carbon tax. All those measures drive towards a circular economy so, given that material use in our economy is one of the biggest elements of our emissions, they make a significant contribution to the climate change agenda.

**Jacqueline Cottrell:** One lesson that we see from the question of air departure tax is that, if the rate diverges from that of air passenger duty, there are important equity considerations that have not been taken into account sufficiently. The wealthiest income deciles use flights most, so you are giving an advantage—in essence, a tax

benefit—to the richest 20 per cent of the population in Scotland. That can be carried into other areas; when we implement environmental taxes, it is also very important to look not only at the climate change impacts, which are relatively clear if the tax is reduced, but at the equity impacts. That important aspect of the proposed reform of the air departure tax has perhaps not been taken sufficiently into account.

**Martin Nesbit:** Part of my brain is telling me that air departure tax is a controversial issue that I should not touch, and the rest of my brain is telling me that it is a controversial issue that I should. I am going to go with the fun part. Air taxation tends to be characterised by serious political timidity across developed economies, which is largely because it has an impact on people with political voice and agency who can influence decision makers more easily.

Scotland has to address the serious issues for isolated communities that depend on air travel, or for whom air travel is the cheapest and simplest choice to travel long distances. However, the gilets jaunes protests in France on the introduction of carbon pricing for the kind of transport that poorer people tended to use were driven by the fact that they could see that similar mechanisms were not applied to the kind of transport that richer people use—air transport. That is a very significant social equity challenge. It is easy for think tanks to say this, but I would like political decision makers to be bolder on the issue, and to say, "There are significant carbon costs to flying. They need to be addressed in the same way as throughout the rest of the economy and, arguably, as a higher priority, because the people who pay those costs will tend to be wealthier."

**The Convener:** Claudia Beamish, can I bring in Stewart Stevenson?

**Claudia Beamish:** Yes, but I am keen to know whether there are any comments on the other issues that I raised, particularly on peat and similar areas.

**Martin Nesbit:** There are examples of levies on peat extraction and of taxes on pesticide and fertiliser use. I can send details to the clerks if that is helpful.

**The Convener:** That would be helpful.

**Stewart Stevenson:** Aviation is unique and the only mode of transport that gets tax free fuel, with the exception of the small petrol-driven aircraft that service our northern and Western Isles, which do have to pay tax—curiously enough. We could also do some things ourselves. The Parliament wanted to take away my perfectly functioning laptop PC and give me a new one, which I refused. It is now seven years old and, when it runs out of steam, I will replace Windows with Unix, which I carry on

my key ring for anybody who needs it for their old PC. I also have a 20-year-old PC that I still use. We can all do that.

I want to talk about taxes and levies. However, Callum Blackburn made one or two points about whose balance sheets assets appear on. I am not an accountant, but I know that the introduction of the international financial reporting standards to replace financial reporting standard 17 for accounting created contingent assets, so that things sometimes appear on two balance sheets, which is interesting; they no longer disappear, as they used to do under FRS17. Finally, the UK tax code is the most complex in the world, with 32,000 pages. It was a quarter of that only 20 years ago, and if we do not do something about that, we are going to keep finding corners for environmental pollution to hide in.

10:15

A lot of what I might have asked has been covered, but I have a couple of questions. Treasuries generally look at the cost of administration against revenue potential. Of the options that we have in this policy area, is there evidence that we are being driven by that issue, or are we being driven by environmental considerations? There will be some environmental taxes that deliver no financial benefit, because the cost of collecting them is similar to what they bring in. Can we do better there, so that there is more incentive to develop environmental taxes, levies or charges?

**The Convener:** Would anyone on the panel like to answer?

**Stewart Stevenson:** Next question.

**Callum Blackburn:** I will venture an answer.

In my experience in producer responsibility schemes, it has been about changing either how materials are manufactured or how they are collected for recycling or reuse. The environment is the prime focus. However, I have no experience of the other taxes, so I cannot comment on them.

**Jacqueline Cottrell:** On the question of administration costs, policy makers can try to design a tax so that it links to existing collection mechanisms. If there is already a tax collection mechanism in place, the environmental tax can be added on to that, so the administration costs are small. Of course, that is not always possible but, in many cases in the past, that is how environmental taxes have been implemented.

**Stewart Stevenson:** I have one small point before I conclude.

Earlier, we referred to hypothecation—essentially, raising a tax that will be spent in a

particular area. Given John Scott's view that people who introduce new taxes are rarely popular, is that something that helps the acceptability to the public of new taxes? Is hypothecation a good thing to use, because it improves acceptability?

**Jacqueline Cottrell:** The short answer is that it can help considerably with public acceptance. It depends on the environmental tax. If it will raise a large amount of revenue, hypothecation will not be the most desirable way of using that revenue. It is better to bring large amounts of revenue into the general budget and then make decisions based on the Government's fiscal priority policies for that year. Using a proportion of revenues in that way can be helpful to improve acceptance, while giving the Government the freedom to use the rest of the revenues as it sees fit.

**Martin Nesbit:** As far as possible, that needs to be based on a stakeholder discussion about the best way of using that revenue. If we can demonstrate that political process, it can be a significant help to acceptance.

**The Convener:** Mark Ruskell can ask a short question.

**Mark Ruskell:** I will go back to the waste issues and the amount of residual waste in Scotland. We are making good progress on the deposit return scheme and on recycling rates, but there are still residual waste streams that are hard to recycle and hard to treat—in particular, single-use plastic items.

Low-income communities have been mentioned. A particular concern for the low-income communities in my region is the growth of incineration and proposed incinerators around Scotland. A lot of speculative applications are coming in from developers. There does not seem to be a sense of how much incineration we might need in Scotland, particularly given the ban on food waste going to landfill and the pressures in that regard. The Convention of Scottish Local Authorities has raised a number of concerns about the capacity that we have to deal with residual waste in Scotland, even though schemes such as the DRS will kick in.

What are your thoughts on incineration? We took evidence on that at a previous session, and we understand that work on an incineration tax is going on at UK level, but that the Scottish Government is not looking into that at this point. As we move towards taxing or banning landfill, will we inevitably get to a point at which incineration looks like an easy option and could be locked into the system for a long time?

**Callum Blackburn:** That is a concern. Northern European countries with large incineration capacity have ended up in a situation in which it is



harder to recycle because of the infrastructure that is sitting there. We do not want to fall into the trap of having incineration energy-from-waste infrastructure that is oversized and that prevents further recycling.

The landfill tax is very much a push measure; it is trying to push material out of landfill. I suppose that we are now saying that the answers lie further up the waste hierarchy. Preventing material from getting into landfill or any other waste infrastructure at the end of its life requires interventions at the top of the waste hierarchy, such as banning the item or introducing producer responsibility so that the item goes into recycling infrastructure. That is probably the direction in which measures are now moving, instead of relying on pushing items out of a particular treatment technology.

**Mark Ruskell:** I think that Martin Nesbit wants to comment.

**Martin Nesbit:** No—sorry, I was just actively thinking.

**Mark Ruskell:** You looked like you wanted to comment.

May I get people's views on incineration tax? It has been put to us—

**The Convener:** Mark, we are running out of time and a number of members want to ask questions.

**Mark Ruskell:** I was just interested to know whether the panel thinks that an incineration tax is a good idea or not a good idea.

**The Convener:** I want to bring in Claudia Beamish now, so that I can give Angus MacDonald enough time to ask his questions.

**Claudia Beamish:** I ask Jenni Hume to talk about the lessons that have been learned during the design of the deposit return scheme and how they can be built on to progress a circular economy and producer responsibility.

More widely, will the panel comment briefly on opportunities to use taxes or levies to mitigate exported environmental impacts, such as international impacts of food, forestry and other products?

**Jenni Hume:** A key lesson that we have learned is that there is huge public support for a deposit return system. We launched our campaign in 2015 and it has grown as we learned more about the proposals from the Scottish Government. That shows that members of the public are keen to do something and welcome ambitious proposals.

**Claudia Beamish:** Do the panel members want to comment on the externalities of products?

**Martin Nesbit:** That is a particular issue in the context of the environmental impact of food products. There is a risk that policy makers will try to address the environmental impacts of agriculture by placing additional restrictions or regulatory burdens on domestic producers. In some cases, that might be the right approach, but there is a risk of increasing the price of domestic production and encouraging imports from other economies, particularly economies that are at risk of deforestation.

In the food sector, therefore, there are strong arguments in favour of instruments that are focused on consumption, rather than production. However, the social equity challenges need to be addressed, because food makes up a significantly greater proportion of the budgets of poorer households.

This is an important question. Progressively, economies are going to have to start addressing the agriculture and land use sector in tackling climate change, and there are some really significant societal, cultural and consumption challenges in that regard, which need to be addressed sooner rather than later.

**Angus MacDonald (Falkirk East) (SNP):** We have looked at what is and is not possible in this country. Jenni Hume mentioned the reusable cup scheme in Cologne, and when I was in Copenhagen in December I saw reverse vending machines in operation. Such schemes are out there and are certainly possible.

I turn to fiscal approaches. Are you aware of any examples of fiscal approaches that have been implemented or are being developed in other countries to further sustainable development?

**Jacqueline Cottrell:** The short answer is that many Organisation for Economic Co-operation and Development countries have implemented environmental taxes and they cover almost every product that we might care to think about in the context of climate change and sustainable development. We can send the committee some papers after the meeting that provide examples from OECD countries to fill that knowledge gap.

**Angus MacDonald:** Can you give us any specific examples today?

**Martin Nesbit:** There are a number of examples in our splendid IEPP report "Capacity Building for Environmental Tax Reform", which I will send to the committee clerks. It looks at air pollution charges; pay-as-you-throw schemes, particularly in Belgium and the Netherlands; and charges for agricultural inputs that cause water quality issues, particularly pesticides and fertilisers. I could roll off a long list, but the best thing to do is for us to communicate that report to you. It provides lots of detailed case studies and attempts to draw

general messages from what has and has not worked. In addition, Green Budget Europe has done lots of work in the same field, looking at similar examples, and there is much to learn from that.

We would like parts of the UK to continue to demonstrate that they can lead on environmental tax reform and to create examples that other economies can follow.

**Angus MacDonald:** If you could send those documents on, we will read them with interest.

**The Convener:** Before we wind up, is there anything that our witnesses would like to highlight that they have not had a chance to mention? We do not always manage to cover everything in our questions. Is there anything that you particularly want us to know about?

**Martin Nesbit:** On balance, I think that an incineration tax is a good idea to ensure that we are internalising the full environmental impacts of all waste management activities.

**Callum Blackburn:** A question was asked about employment. No matter what package of fiscal measures we put in place on the circular economy and climate change, we must try to ensure that the employment opportunities and the infrastructure are in Scotland. Zero Waste Scotland is working in partnership with Scottish Enterprise, Skills Development Scotland, Education Scotland et cetera on what we need to do with regard to training and skills for a more circular economy. That work has started. We need to recognise that we will have to adapt some skills in order to make the most of the benefits and the infrastructure.

**Michael Cook:** I have a detailed point to make on the imminent roll-out of a DRS. We are hugely supportive of that initiative and we are delighted that the plan that the Scottish Government published recently includes the possibility of individuals donating their deposit to charity. We believe that there will be real environmental benefits from take-up of that, and there will be compound effects if people are encouraged to donate to a local environmental charity. People will see that, instead of creating litter, their bottles are supporting environmental projects in their local community.

**Jacqueline Cottrell:** One thing that I have not talked about much is road transport and ways in which congestion, which is one of the largest causes of external costs from the transport sector, can be tackled through fiscal policy. We need to think about congestion charging and road tolls. We did not really discuss that today, but it is certainly something for the committee to pick up on in future.

**The Convener:** I thank you all very much for your time. I will suspend the meeting briefly to allow you to leave.

10:29

*Meeting suspended.*

10:35

*On resuming—*

## **Wild Animals in Circuses (No 2) Bill**

**The Convener:** The next item is consideration of a legislative consent memorandum on the Wild Animals in Circuses (No 2) Bill, which is a UK Parliament bill. Do members have any comments?

**Stewart Stevenson:** I have a tiny comment. I very much welcome the LCM. Although we have no travelling circuses in Scotland, my constituency has been the home of many wild animals overwintering. This proposed change in the regulations would finally close off that particular abuse of wild animals. Overall, I very much welcome it.

**Claudia Beamish:** I hope that the committee will reflect on this and that the Scottish Government will consider the issue, as it has made commitments on animal welfare, static circuses and other ways of properly protecting wild animals.

**Finlay Carson:** I echo Stewart Stevenson's comments. When the committee considered the Wild Animals in Travelling Circuses (Scotland) Bill, some of us expressed concerns that there might still be potential for certain types of wild animal to be kept and to perform elsewhere. The LCM closes that loophole.

**The Convener:** Do we agree that no further action is required and that we are content with the LCM as it stands?

**Members indicated agreement.**

**The Convener:** We will report on that basis. Are members content to delegate the final sign-off on the LCM report to me?

**Members indicated agreement.**

## **European Union (Withdrawal) Act 2018**

**Environment (EU Exit) (Miscellaneous Amendments) (Scotland) Regulations 2019 (SSI 2019/175)**

**Environmental Assessment (EU Exit) (Scotland) (Amendment) Regulations 2019 (SSI 2019/178)**

10:37

**The Convener:** The next item is to consider whether the regulations have been laid under the correct procedure. Both instruments have been laid under the negative procedure. Are we all content for the instruments to be considered under that procedure?

**Members indicated agreement.**

**The Convener:** As we are all agreed, the instruments will be considered under the next agenda item.

## Subordinate Legislation

### **Environment (EU Exit) (Miscellaneous Amendments) (Scotland) Regulations 2019 (SSI 2019/175)**

### **Environmental Assessment (EU Exit) (Scotland) (Amendment) Regulations 2019 (SSI 2019/178)**

10:38

**The Convener:** The fourth item on our agenda is to consider these two negative instruments. If members have no comments on the regulations, are we agreed that we do not want to make any recommendations on them?

**Members** *indicated agreement.*

**The Convener:** That concludes the committee's business in public today. At its next meeting on 11 June, the committee will take evidence as part of its marine inquiry. We will look at the current state of Scotland's marine environment and examine opportunities to protect and enhance marine biodiversity in Scotland.

We now move into private session. I ask that the public gallery is cleared, as the public part of the meeting is now closed.

10:39

*Meeting continued in private until 11:23.*

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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