

# STATES OF JERSEY

## SCRUTINY COMMITTEE

BLAMPIED ROOM, STATES BUILDING

### WASTE MANAGEMENT STRATEGY

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**Present:** Deputy Phil Rondel (Review Chairman)  
Senator Ted Vibert  
Deputy Gerard Baudains  
Senator Jean Le Maistre  
Deputy Rob Duhamel  
Deputy Bob Hill

**In attendance:** Professor Chris Coggins (Waste Management Consultant)  
Professor Jim Swithinbank (Sheffield University)

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#### EVIDENCE FROM:

**SENATOR TERRY LE SUEUR**  
**In attendance:** Mr Ray Foster (Capital Department)

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on

**Monday, 11th October 2004**

**(12:43:21 - 13:15:16)**

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DEPUTY RONDEL: I apologise for holding you up by some 10 minutes or so, but I couldn't stop my colleagues from asking questions of the President of P&R.

SENATOR VIBERT: It is a change for one of us to be asking questions.

DEPUTY RONDEL: Firstly, gentlemen, I must read the relevant notice. It is important that you fully understand the conditions under which you are appearing at this hearing. You will find a printed copy of the statement that I am about to read to you on the table in front of you.

Shadow Scrutiny Panels have been established by the States to create opportunities for training States Members and Officers in developing new skills in advance of the proposed changes of government. During the shadow period, the Panel has no statutory powers and the proceedings at public hearings are not covered by Parliamentary privilege. This means that anybody participating, whether a Panel Member or a person giving evidence, is not protected from being sued or prosecuted for anything said during hearings. The Panel would like you to bear this in mind when answering questions and to ensure that you understand that you are fully responsible for any comments you make.

Welcome gentlemen. I will ask Deputy Duhamel to put the first question to you.

SENATOR LE SUEUR: Right. I do not know if you need an introduction, but Ray Foster is a Member of the Capital Department in the Treasury.

DEPUTY RONDEL: Yes. Could I introduce the two Members who I believe you don't know?

SENATOR LE SUEUR: No.

DEPUTY RONDEL: Professor Swithinbank.

SENATOR LE SUEUR: Good morning.

DEPUTY RONDEL: And Professor Coggins.

PROFESSOR COGGINS: Good morning.

DEPUTY RONDEL: Thank you. I believe you know everybody else around the table.

SENATOR LE SUEUR: I do, yes indeed.

DEPUTY DUHAMEL: Right. Thank you. In order to pay for the energy from waste plant it has been suggested by Public Services & Planning that the States actually borrow privately and monies should come out of the capital program. Subsequently, there was a decision change and,

in reference to a minute in July 2004, I think the Committee changed its mind and suggested that it should be from an Island-wide rate. Then they have gone back and, in this particular document actually suggested no, on final consideration, it should actually be from the capital program. Now, bearing in mind that we have just been through a process to identify the capital spending for the next five years, why has no recognition been taken of the substantial sums of capital monies that will have to be found either from our “rainy day fund” or from somewhere else in order to pay for this particular project, if indeed it is the project that goes ahead?

SENATOR LE SUEUR: I think it may well be that the funding considerations are secondary to the principle of establishing an energy from waste plant and determining its cost. There are various ways it can be funded. It can be funded, as you say, from a capital program, albeit that program may need rejigging from what is presently in draft form. It could be funded from a “user pays” sort of charge or gate fees or other mechanisms. Until one knows the sort of money involved and the strategy, all one can say is that all the options of funding are capable of being used.

DEPUTY DUHAMEL: In terms of -- and this is a general question for the Committee and for you as President. If indeed it were possible to actually come up with a solution that didn't require a large expenditure of capital funds, would the F&E Committee be supportive of those particular proposals?

SENATOR LE SUEUR: Not necessarily. I think, if one doesn't use capital funds from the States program, it has to be funded in one way or another. So it will either be funded by revenue provided by the States or revenue provided by the consumer. There is no free lunch and there is no free plant. So, whilst it may be comfortable on the one hand for us not to bite into the capital program, if it simply means that you are transferring that capital cost to an ongoing significant revenue cost, you don't necessarily achieve anything better. As I say, I think both options are possible. At the end of the day, the States itself has one pot of money, which is fed by the taxpayer, the consumer. So either we do it at the consumer's end or at the taxpayer's end, but it is still coming out of someone's pocket at the end of the day.

DEPUTY DUHAMEL: And one final one, if I may. Bearing in mind the shortfall in States'

funding that is anticipated by 2008, will an extra call for capital funds actually cause your Committee any undue concern?

SENATOR LE SUEUR: It may cause a concern to reprioritise, bearing in mind that it appears to me that the life of the existing plant is numbered and, therefore, its priority in terms of funding costs is going to rapidly escalate over the next few years. It is important to make a decision fairly swiftly as to what sort of plant is going to go into replace what is there and how it is funded will need to be addressed pretty soon as well, but, of course, on a capital project of this nature, one would not expect to fund the entire project in one year. It can be spread over a period of years, whichever funding route is adopted. Excuse me, I have a sore throat, so I will be drinking more water than is good for me.

SENATOR VIBERT: No Polos?

SENATOR LE SUEUR: No Polos this morning, Senator.

DEPUTY RONDEL: Senator Vibert?

SENATOR VIBERT: Yes. If I could just ask the President that if one was able to find a method whereby we actually didn't have to build a new plant?

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: And one was to take the current cost of running it, which we wouldn't have, and that became sort of revenue neutral in terms of shipping all of our waste out of the Island.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: That would actually put the Island in a far better financial position and, I would have thought, would be a great relief to you.

SENATOR LE SUEUR: From a financial point of view, it would certainly be helpful if we didn't have that extra financial burden, yes. I'm not sure how practical or how feasible that is in relation to the Basle Convention and so on, but, from a financial point of view, yes, certainly.

SENATOR VIBERT: Secondly, one of the options we are looking at is in fact a company has expressed an interest in coming to Jersey, a big waste management company.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: And actually taking over the whole operation.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: And charging a fee.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: For actually handling the whole thing and they would become responsible for the whole plant and the running of the plant. Is that something you would see as viable and would be an advantage to us?

SENATOR LE SUEUR: If it were viable, it would be an advantage to us. I suspect that the overall running costs of a private operator coming in, unless they can demonstrate a level of efficiency far greater than we can deliver at a Government level, those costs are likely to be as high or higher than funding it ourselves. But if we find a service provider who is able to deliver that service at a competitive price, I would certainly look at and welcome it.

SENATOR VIBERT: Would you be surprised that that is not an option put forward by the Committee?

SENATOR LE SUEUR: I don't think it is an option that has been dismissed by the Committee. I think the Committee's advice from funding experts is that it is likely that funding waste disposal through that means is likely to be more expensive than delivering it ourselves. Now, that is a matter of conjecture until such time as one has seen the actual costs. All I can do is be guided by the advice, the professional advice, that that Committee has received that the cost of doing it through an independent service provider is likely to be higher. I suspect, as a side issue, that there may also be labour relations issues, but that is something outside my Committee's remit perhaps.

SENATOR VIBERT: But, coming back to the overall situation, the fact is that they are not even going to bother to go and ask.

SENATOR LE SUEUR: Well ----

SENATOR VIBERT: That is what we have been told this morning. It is not an option.

SENATOR LE SUEUR: I think it may be influenced by the fact that the operation down there has a mixture of activities. As well as waste, you also have a sewerage treatment works and so

on. Now, whether a waste disposal body would want to get involved in the sewerage treatment works as well, I don't know. That is something which is a matter of E&PS policy rather than mine. If they can demonstrate a more cost effective way of delivering waste or disposing of waste, particularly in the timescale which I think is now getting quite critical, then certainly my Committee are prepared to look at all funding options. I think the overarching requirement is to ensure the continued disposal of the Island's waste in one way or another.

DEPUTY RONDEL: Senator Le Maistre?

SENATOR LE MAISTRE: I think we need to start at the point where, I think, some of the assumptions have been made.

SENATOR LE SUEUR: Hmm hmm.

SENATOR LE MAISTRE: And that is that it is not possible currently to export certain types of waste from the Island. That seems to have been underpinning the whole of the waste strategy, because that has been dismissed as an option effectively. It seems to me that the rôle of F&E is not to go into the detail of the types of waste disposal or the means etc, but the overarching interest of the F&E Committee must be in the value for money and the question of capital expenditure.

SENATOR LE SUEUR: Yes.

SENATOR LE MAISTRE: Now, from your answers to the questions thus posed, it seems to me that you are happy to be advised by those who have already set the agenda rather than actually ask the questions which it seems to me are relevant in terms of getting better value for money and maybe ensuring that all the options have indeed been explored. What is the rôle of F&E in this?

SENATOR LE SUEUR: I think the question ----

SENATOR LE MAISTRE: Bearing in mind the Vice President also maybe has to declare an interest in this.

SENATOR LE SUEUR: I think the question is have we asked and answered -- it may be that the answer could be a question -- but the answer on which I am working, or my Committee are working, is that we are not permitted to export waste other than what I will loosely call green or

recyclable waste under, I think it is, the Basle Convention, but certainly under some European Convention, except in very odd circumstances which I don't believe would apply to Jersey.

SENATOR LE MAISTRE: Are you aware that this issue is being re-examined, is likely to be re-examined, and could in fact prove to be not as firm as was originally believed?

SENATOR LE SUEUR: I do understand that certain people hold that view and, if that is to be re-examined, by all means let us do so, but let us also be very much aware of the timescale and the need for a decision to be made relatively soon. I speak not here from an F&E point of view, but from a general political point of view, that the Island strategically cannot be without a waste disposal stream for any length of time.

SENATOR LE MAISTRE: So you would favour a decision being made soon ----

SENATOR LE SUEUR: Yes.

SENATOR LE MAISTRE: Even in the absence of a firm conclusion on the issue of the export of waste?

SENATOR LE SUEUR: No. I should like to ensure that the question of the export of waste has been fully explored. All I am saying is that we should not take our eye off the ball and that waste not disposed of creates a huge problem in more ways than one.

SENATOR LE MAISTRE: Thank you.

DEPUTY RONDEL: Thank you. Gentlemen, any other questions?

PROFESSOR SWITHINBANK: Maybe I will ask a question from ignorance of matters financial, but it would seem to me that there are two options if the equipment has to be financed.

SENATOR LE SUEUR: Yes.

PROFESSOR SWITHINBANK: One is that it is financed through Jersey and the other is that it is financed, if it is to be one supplier, through that supplier. Now, reading the paperwork, the argument was presented that Jersey is in a favourable position when it comes to borrowing because of its stability, etc.

SENATOR LE SUEUR: Yes.

PROFESSOR SWITHINBANK: And it would seem to me that that mitigates in favour of, let us say, if somebody was going to design, build and operate that the finance should be provided by

Jersey rather than asking the supplier to borrow the money on their own terms.

SENATOR LE SUEUR: Yes. That seems a reasonable indication. Certainly I believe that the Island can borrow more favourably than most external providers could achieve and, in working out any costings, the effect to which the Government can use its own borrowing powers to reduce the cost is something we want to take into account. On the other hand, there are dangers, I think, in trying to have a mixed arrangement between a government and a private supplier in terms of contractual arrangements and I think those have to be very carefully looked at.

PROFESSOR SWITHINBANK: Now, if the plant is to be built in Jersey, it is fairly straightforward where it is, what it is, but if the plant is still the same facility that is needed, although albeit Jersey would only be using part of the plant capacity, what would be the situation for financing a plant facility elsewhere?

SENATOR LE SUEUR: Jersey's borrowing capabilities do not, in my view, relate to where the asset is located. It is based on the strength of the local economy. In suggesting that a plant could be located elsewhere, you are implying that we could export what I call non-green waste?

PROFESSOR SWITHINBANK: Yes.

SENATOR LE SUEUR: Right. Were that to be the case, it is possible that a plant could be operated and located elsewhere more cheaply. I have no idea at the moment whether that is the case or not, because I think one has to ask the first question of is it possible to locate the plant elsewhere.

PROFESSOR SWITHINBANK: Yes. The advantage of locating the plant elsewhere would be that it would be a bigger plant and, therefore, you would have the economies of scale.

SENATOR LE SUEUR: Yes.

PROFESSOR SWITHINBANK: And that plant would cost you presumably lower.

SENATOR LE SUEUR: It would. These are perhaps somewhat theoretical questions, in that you have to say where would that plant be located and what would be our security of delivery, particularly in times of inclement weather. I mean, it has been quite windy these last few days. There might still need to be other logistical problems in having a plant elsewhere. So it is something that one would look at, but my gut feeling is that a plant located elsewhere, although



it may be cheaper to operate, in terms of the logistics of getting the waste to that plant in the first place could well obviate any potential advantages. Those are costings which my Committee is happy to look at, but the principle of shipping waste outside the Island is one which I think probably needs to be determined beforehand.

DEPUTY RONDEL: Could I put a question, please? What would the views of the Finance & Economics Committee be on working closely with Guernsey, who also require new waste incineration, on a shared basis?

SENATOR LE SUEUR: I think it is almost the same answer as I gave to the previous question. I would look at that very constructively, but you have to decide whether that plant would be located in Jersey or Guernsey. Either one or other island would have to shoulder that burden and, if it is located in Jersey, where would it be located?

DEPUTY RONDEL: Could I ----

SENATOR LE SUEUR: I say that and maybe I should amplify it. As a former Deputy of No. 3 District of St Helier where the present incinerator is located, the traffic problems of going down there for local waste are quite significant and if you add waste imported from other jurisdictions that could be even more worrying.

DEPUTY RONDEL: Could I come in again? If it was incinerated off-island, off all the islands, so you would have a ship passing Jersey and picking up from Guernsey and so on on a round robin, if the numbers were right, would the Finance & Economic Committee consider that as viable, whether it was France or the UK or wherever else it was incinerated?

SENATOR LE SUEUR: If the numbers were right we would certainly look at it, but I think you have got to also look at the other implications in terms of our wider international obligations, in terms of environmental control and pollution and the costs in energy terms, if you like, of disposing of this waste. It is nice to think on a very simple financial level that it might be more economic to process the waste in, we will say, Cherbourg or St Brieux, but there are then additional environmental problems for those locations and there are the environmental costs of getting the stuff from here to Cherbourg or St Brieux in the first place. There are no free lunches in this operation. From a purely financial point of view, I am happy to look at those, but I think

it behoves all of us as States Members to also look at our environmental obligations, internationally as well as locally.

DEPUTY RONDEL: Senator Vibert?

SENATOR VIBERT: Yes, just one final matter. The Committee, rightly, is pushing to actually get this done very quickly because there have been a large number of delays and it has been going on for a very long time, as you know. In fact, their task force was set up in the year 2000, consisting of the Head of the Public Services and a whole range of departments which then apparently never met and so it has gone on and on and on. However, there is a very big job to be done by Scrutiny on this matter. I would like to ask you if you would accept that this matter should not go before the States until Scrutiny has completed its report?

SENATOR LE SUEUR: It is not my job to say when a proposal of the Environment & Public Services Committee should go before the States. It will not go before the States before F&E have had a chance to comment if it has financial implications, and I suspect it does have financial implications in one form or another. So we would not want to comment until we were satisfied about all the information we have. Indeed, at our last discussion of this in F&E we said that we would not take a view until we had further information. We need to be properly informed before we can make, in turn, any informed comment to States Members.

SENATOR VIBERT: Thank you.

DEPUTY RONDEL: Deputy Duhamel.

DEPUTY DUHAMEL: A recent Oxera Report, which I think was commissioned either by Harbours or by P&R, actually indicated that there was a very large spare capacity in terms of ability to ship goods from the Island off-Island, bearing in mind that most of the goods do actually come to the Island by boat and we don't export very much out.

SENATOR LE SUEUR: They tend to come from the UK, I believe, rather than ----

DEPUTY DUHAMEL: They do. But, bearing that in mind, I mean, would you agree that to use the shipping or the freight links both ways round must be the best way environmentally and financially?

SENATOR LE SUEUR: It is certainly good use of shipping to make sure that the ships come

into Jersey full and don't go back to the UK empty. Whether those ships are better used shipping waste to the UK or shipping products from the Island is a commercial matter.

DEPUTY DUHAMEL: But, thinking laterally, I mean, all the goods that are coming from the UK to Jersey at the moment don't necessarily have to be sourced from the UK. It might well be that there is an opportunity to have some of those goods sourced from France if indeed France was the final destination for waste.

SENATOR LE SUEUR: It may well be. I think one has to look at the commercial reality. From an idealistic point of view, the route between Jersey and France is shorter than the route between Jersey and the UK.

DEPUTY DUHAMEL: That is right.

SENATOR LE SUEUR: So, on that logic, there is no reason why Jersey at present should not import the majority of its foodstuffs and other things from France rather than the UK. The fact is that commercially it tends not to and that is a commercial decision which is presumably borne out of a commercial experience by the people who are responsible for importing those goods.

DEPUTY DUHAMEL: And possibly restrictive practices.

SENATOR LE SUEUR: I am not sure if there any local restrictive practices which would militate in favour of the UK rather than France, but if that were the case then that could be something to consider.

DEPUTY DUHAMEL: But, as a wider added dimension, do you think these factors should actually be taken into account when addressing a final waste management strategy which could have a significant bearing on the costs of the project?

SENATOR LE SUEUR: I think ... well, you can look at it. You can also spend a lot of time going down dead ends and if at the end of the day the opportunity for exporting waste is effectively a dead end, then you can spend a whole lot of time just looking at ways of improving shipping costs to no great benefit. So I think you have to have a reasonable expectation that you could, both in terms of environmental standards and commercially and responsibly ship waste off the Island.

DEPUTY DUHAMEL: One final point. In talking to the experts we spoke to in France, they

actually indicated that the break-even point in terms of cost/benefit analyses that were undertaken to determine the size of population and the volume of waste that have been produced would support the communities sole purchasing of incinerator equipment was of the order of 400,000 persons and 150,000 tonnes. Now, bearing in mind that the total population of Jersey and Guernsey is substantially less than that and as is the volume of waste, do you not consider that perhaps a must have energy from waste plant for both islands could be seen to be maybe an expensive option?

SENATOR LE SUEUR: Living on an island invariably creates higher costs and higher expenses, including economies of scale. That is something which, to some extent, we can't get away from. If, therefore, it is better to try to centralise the operation in one particular place, yes, that is, from a financial point of view, a worthwhile consideration. It is not, I think, the only consideration, but it certainly should be born in mind.

DEPUTY DUHAMEL: Okay. Thank you.

DEPUTY RONDEL: Yes, Deputy Baudains?

DEPUTY BAUDAINS: Thank you, yes. Until we get P&R's response as to whether this Convention allows us to ship out or not, clearly we are looking at hypothetical situations, but a moment ago, still on the same issue, you spoke about environmental issues regarding shipping out waste. It does occur to me that environmentally, as well as financially, it might be better for Guernsey and Jersey to amalgamate their waste and send it to a larger facility, perhaps France, perhaps elsewhere, because surely, by virtue of its size, such a plant would be more likely to be environmentally friendly than two smaller facilities operating individually one in Guernsey, one in Jersey. I don't know what your views are or whether the technical advisers could help us on that.

SENATOR LE SUEUR: It may well be a technical problem because environmental standards require a certain level of emissions, whether the plant is large or small or in between. You have got, I think, the costs to the local environment and clearly for the local environment it will be more beneficial to dispose of the waste elsewhere. To the more global or even European environment, it is being disposed of in one place or another and the important thing is to have good environmental standards. You have also got the environmental costs of shipping in terms

of the extra fuel and stuff involved in moving stuff from one place to another. So one mustn't be too simplistic in these things.

DEPUTY BAUDAINS: You could perhaps propel the ships boiling on waste.

DEPUTY DUHAMEL: That is right.

SENATOR LE SUEUR: I think, you know, we should also accept the fact that ... You know, I mentioned the climate. The Island is potentially vulnerable. Granted you could have labour problems in the Island as well. But, in terms of shipping stuff off the Island, you are dependent on ships; you are dependent on the contract with that shipping company; you are dependent on the contract costs of the service provider elsewhere; and unless you can enter into a long term service agreement with guaranteed delivery standards, you are exposing the Island to considerable risks.

DEPUTY RONDEL: Professor Swithinbank, please?

PROFESSOR SWITHINBANK: Yes. From the technical point of view, plants are available on, let us say, 30 to 35,000 tonnes a year. So it is perfectly reasonable to look at putting a plant in of the right capacity. The Energos Plant, for example, from Norway and the Rocking Kiln systems from France are working and demonstrated in that size range. The question really that has to be answered is what are the costs, because obviously per tonne of material processed the smaller plant will tend to be more expensive.

SENATOR LE SUEUR: That is right.

PROFESSOR SWITHINBANK: But that has to be compared with, let us say, the cost and practicality and risk of shipping and so on.

DEPUTY BAUDAINS: What I was actually ----

PROFESSOR SWITHINBANK: It needs an analysis and not a ----

DEPUTY BAUDAINS: What I was focusing on basically is if you have got a small plant it may not be economic to separate out certain things and they would end up being dumped, where with a larger plant it would and that sort of thing.

PROFESSOR SWITHINBANK: I don't think that applies. The smaller plants tend to need the waste shredded. The shredding gives you more ability to get the separation of the metals and so

on. So I wouldn't see that technically as a difficulty at this stage.

DEPUTY RONDEL: Any further questions?

SENATOR VIBERT: Yes, I just have one more and it is on this overarching responsibility of Policy & Resources and Finance & Economics, that it may come to a decision whereby, as well as an environmental situation and a getting rid of waste situation the ability to ship to France could in fact lay the basis and the groundwork for a very successful freight operation between the Island and France.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: Which would be enormously beneficial to our export industries and indeed to the cost of living in Jersey if we can import more from France.

SENATOR LE SUEUR: Yes.

SENATOR VIBERT: Now, where would the Committee sit in this position, because that is not really a decision that Environment & Public Services can make, because they are just simply concerned with the business of getting rid of the waste? Does your Committee have, would your Committee have, any influence on the broader framework in terms of making a decision?

SENATOR LE SUEUR: It will have an influence certainly to the extent that such a decision will be financially desirable, commercially desirable. I think P&R are already looking at ways in which we can improve the links that we have between the Island and France. This is one of the things that can be taken into account. It is certainly relevant and my Committee will be supportive of ways in which services can be provided to the Island more cost effectively using France and goods from the Island exported to France more easily. Certainly I see no conflict there between the use of Jersey and France. On the other hand, I would not want to use it as the panacea that cures all ills without having a little bit more information.

SENATOR VIBERT: No. I'm simply thinking in terms of the overarching responsibility.

SENATOR LE SUEUR: The overarching responsibility, I think, is that of P&R fairly firmly and they have already taken that on board in terms of their commitment to look more closely at links with France and this is one of the issues which no doubt they will want to take into account.

SENATOR VIBERT: Thank you.

DEPUTY RONDEL: Senator Le Maistre?

SENATOR LE MAISTRE: Just to put the question in another way, is there perhaps an opportunity here for joined up thinking?

SENATOR LE SUEUR: I am sure there is.

DEPUTY RONDEL: Have you got anything else to add, Senator?

SENATOR LE SUEUR: I don't think so. I am just looking through your terms of reference, which I have not really looked at in the last half hour. (**Pause**) No, I am quite content, thank you.

DEPUTY RONDEL: If not, I would like to thank you on behalf of the Panel for giving your time this morning.

SENATOR LE SUEUR: Thank you and thank you, gentlemen, particularly the experts, who are able to give us a bit of extra advice and direction. Thank you all.

DEPUTY RONDEL: Thank you. I, therefore, declare the Panel meeting closed and ask the public to retire from the room whilst we deliberate. Thank you.

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