

Blueprint for a Green Economy

Submission to the Shadow Cabinet

Quality of Life Policy Group
Chairman, Rt Hon John Gummer MP
Vice-Chairman, Zac Goldsmith
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Executive Summary

About the Quality of Life Policy Group

The Chairman of the Board of the Policy Group was Rt. Hon John Gummer MP and the Vice-Chairman was Zac Goldsmith. The other members were:

- Jules Peck (Director);
- Tim Eggar;
- Nick Hurd MP;
- Ali Miraj;
- Steven Norris;
- Benet Northcote;
- Tom Oliver;
- David Strong;
- Kay Twitchen;
- Kim Wilkie.

Their declaration of interests and the full QOL report may be found on our website www.qualityoflifechallenge.com

Members of the secretariat to the Policy Group were:

Susan Davies; Clare Devereux; Clare Kerr; Michael Lunn; Nat Mason; Tara Singh; Nikki Talbot; Harriet Williams.

Members of the Board chaired a whole series of study groups over nearly two years. They brought together as members, advisers or witnesses, hundreds of people from all over the country, drawn from a wide range of backgrounds and political affiliations.

We would like to thank all the individuals and organisations who generously gave their time to participate in this review, and to extend and enrich our understanding, especially members of the various policy working groups. While these groups were an important part of the consultative process, the final Report is necessarily a synthesis and none of the participants can be held accountable for all, or part, of it. That remains the responsibility of the Chairman and Vice-Chairman. We would like to reiterate that participation in the working groups of the Quality of Life Policy Group does not imply affiliation to the Conservative Party.

A full list of acknowledgments and the full QOL report can be found on our website: www.qualityoflifechallenge.com

Introduction

Despite great material prosperity and expansion of choice, the UK seems to be experiencing a 'social recession.' Community cohesion is under increasing strain. Levels of trust, in each other and in our institutions, are dwindling. Rates of mental illness, drug abuse, 'binge-drinking', family break-up, violence, antisocial behaviour and other symptoms of an unhappy society are rising inexorably.

At the same time, we face compelling evidence that our future wellbeing is at risk from the unsustainable damage that we are doing to the natural resources on which we depend. If everyone in the world lived in the way in which we do in the UK, we would need three planets to sustain us. The most credible science now tells us that human activity, through the burning of fossil fuels and destruction of the rainforests, is 'very likely' to be accelerating climate change on a trend that could have devastating consequences for our security, prosperity and wellbeing. The case for change is reinforced by Britain's new status as an importer of oil and gas in an age of dwindling reserves concentrated in very few hands that we can trust.

Business as usual is not a sustainable option. Our future security and prosperity depend on tapping human ingenuity to rethink our use of energy and natural resources in a world that will have to accommodate 9.2 billion people by 2050. Capitalism is evolving around the world, and we believe that the critical next stage is to ensure that it 'tells the ecological truth'. It is in the interest of both rich and poor that we create a model of growth that can be sustained.

This is categorically not just an environmental issue. The depletion of natural capital and growing climate instability has profound economic, social, and security implications for every country. Any new Administration, here or in the US, must recognise that climate change is inextricably linked with some of the biggest geopolitical issues of the age, not least energy security, the alleviation of poverty, and the promotion of human health.

We want Britain to lead the debate because big opportunities are attached to the change that will follow. The City of London, which makes such an important contribution to our national wealth, must become the centre of the international carbon trading market. Across the world, energy and transport infrastructures will have to be transformed. Britain should lead the Low Carbon revolution just as we led the Industrial Revolution. It is in that context we have argued that Britain should work to build a 'coalition of the ambitious' to shift the gears of the international climate change negotiations and accelerate the transition to a low carbon economy. We can prove that we can prosper without damaging the environment on which the economy ultimately depends. That is what we call 'Green Growth' and we consider it central to the competitiveness of the British Economy in a world of rising carbon and fossil fuel energy prices.

1. Making Britain the world number one for energy efficiency

Background

According to the International Energy Association, around 78% of CO₂ savings are likely to come from more efficient use of energy and 22% from cleaner energy sources by 2030. For example, the global cost of lighting could be reduced by \$2.6 trillion by 2030 by phasing out wasteful incandescent light bulbs from 2008 and implementing better street lighting, with a cumulative saving of 16 billion tonnes of CO₂.

We have been careless with energy when it has been relatively cheap. Now that energy prices are rising, it is time for us to become rational and stop wasting money.

Reducing our energy use through a massive commitment to energy efficiency in our homes and in the appliances we use should be the first priority of a government committed to tackling climate change. It is the ultimate “no regrets” policy as lowest cost emission reductions will be combined with lower bills and greater energy security.

On the present Government’s own admission, CO₂ reductions of between 20–30% in building related emissions (or 7MtC per annum) could be achieved by adopting proven, simple, cost-effective energy efficiency measures.

Currently, about 50% of UK CO₂ emissions come from energy used in buildings, with a further 10% from the manufacture of construction materials. This figure does not include the transport of materials to site or their incorporation within a building. Emissions from our homes are responsible for an estimated 27% of the UK’s total carbon emissions.

Existing Buildings

Annual investment by the private and public sector of £0.75 billion per year over 40 years would reduce our building-related CO₂ emissions by 33% by 2050. That annual expenditure is less than 1% of what we currently spend on construction each year.

Financial rewards to home-owners for greener homes

The best opportunity for implementing the necessary changes is at the point of change of ownership, or occupancy.

- A partial rebate of stamp duty should be given if all cost effective energy efficiency improvements are adopted at the time of sale or within a reasonable time.

Reduce VAT on house repairs and refurbishment

In the UK, the rates of VAT are heavily stacked in favour of demolition and new build as opposed to refurbishment – 0% VAT on new homes but 17.5% VAT on the renovation and repair of existing homes (except on the Isle of Man where it is 5%). We believe that we should seek ways to move away from the present situation to one which is more balanced.

- There should be, as soon as possible, a reduction in the rate for renovation to 5%.
- In return, when a building's carbon footprint is being increased – as a result of an extension – there should be a mandatory requirement to adopt cost effective energy efficiency improvements to the existing structure.

Smart Meters to cut gas and electricity bills

Smart metering would reduce costs, cut UK emissions by at least 8%, enable customers to choose lowest cost energy, and provide more accurate bills.

- There should be a commitment to the immediate universal roll-out of smart meters. We believe that a target of fitting in 90% of homes within 5 years is achievable. There should be a legal requirement for all homes to be fitted within 10 years.

Lower business rates for green offices

- Local authorities should encourage the market for energy efficient office space by offering reduced business rates for space which meets efficiency standards in excess of the minimum required by the building regulations.

More efficient home appliances with lower running costs

A recent report by the Energy Saving Trust predicts that by 2010 the UK could waste up to £11 billion annually and emit around 43 million tonnes of carbon dioxide through wasted energy, such as leaving lights on and appliances on standby. For every £1 billion wasted, we could pay for approximately: 45,000 new nurses and midwives, 32,000 secondary school teachers, 31,250 dentists, 29,500 police officers, 1,000 MRI scanners or 40 new secondary schools.

Although gains in energy efficiency have been made for many individual appliances, the resulting energy savings have been more than offset by the increasing *numbers* of appliances. Indeed, between 1972 and 2002, electricity consumed by household domestic appliances doubled from 44TWh to 89TWh and is forecast to rise by a further 12% by 2010.

- A date should be set beyond which no appliance will be sold that does not meet a defined standard for its appliance type.

Standby power consumption currently accounts for 2.25% of electricity production and this wasteful usage is set to increase as it is introduced into an ever widening range of electronic equipment. We do not believe that the current emphasis on developing standards for low consumption on standby go far enough e.g. the 'One Watt Initiative'. The mobile phone charger averages around this 1W consumption, but if every one of the country's 25 million mobile phones chargers were left plugged in and switched on they would consume enough electricity (219GWh) to power 66,000 homes for one year.

- Priority should be given to developing a standard that requires all new electrical items to include a function that switches them off.

Greener schools, hospitals and Government buildings

It is imperative that these new buildings are built to the most efficient standards. In 2004, the public sector accounted for 34% of new non-domestic building construction and 37% of non-domestic refurbishment and maintenance work. Thus public sector procurement with high energy efficiency standards can make a huge difference.

- A Code for Sustainable Buildings should be devised to drive public sector leadership. Top quartile performing buildings should then be mandatory for all public sector new build and refurbishment.

New Buildings

Lower Council Tax for green homes

- Discounts on council tax should be payable in respect of all homes which are built to the highest environmental standards.

Replace building regulations with minimum standards

We consider it a policy priority to engage local government, utilities companies, builders, developers, investors, and planners in achieving much higher levels of compliance and progressively higher standards.

- The more holistic approach adopted by the Code for Sustainable Homes should be extended, abolishing all the current Building Regulations Approved Documents and replacing them with National Building Standards (NBS).

The complex and detailed prescriptions of the Building Regulations would thereby be replaced by a relatively limited number of objective measurements of outputs in the form of minimum outcome requirements. Outcome specific standards should be based on such criteria as carbon emissions not exceeding x kgCO₂/m²/year, air tightness y m³/h/m², and internal temperatures

caused by summertime overheating 28°C for z hours/year (without air conditioning). The NBS would include health and wellbeing criteria; apply to new build; apply to the refurbishment or extension of existing buildings (e.g. new conservatories); and require building materials to be sourced locally wherever possible and, in any case, sourced from legally produced timber.

Planning permissions would automatically be subject to meeting the Standards.

- There should no longer be any need for local authority building control departments. This significant reduction in bureaucracy would also encourage innovation because it would be the outputs that mattered. There would be an enormous impetus to finding new and more cost effective means to deliver those outputs.
- A system of self-certification for major construction companies and house builders, linked with severe penalties for evasion, would ensure the most cost-effective compliance.
- This much leaner system should be overseen by a new Building Standards Agency (BSA) which would ensure consistency of standards, monitor the qualifications of those who will certify that the standards have been met and be entirely financed by fees.

Planning for walkable neighbourhoods

The present Government has become obsessed with the relentless building of 'eco-homes' without a thought for the wider carbon footprint and wellbeing of those who will occupy them. Under current planning and development practice, we have areas of commercial activity separated from residential areas; shopping centres often only accessible by car; with a programme of public facilities that increasingly tends towards large scale and therefore less accessible health and educational facilities. This form of urbanism builds in a requirement for movement on a large scale (both in terms of distances and journey number) and consequently energy consumption and waste.

We have adopted the term 'Smart Growth' to define a more sustainable pattern of development and land use. 'Smart Growth' should become the key objective of the planning system and planning guidance and the test of all planning applications and major infrastructure or development decisions.

- The creation of mixed neighbourhoods that are carbon efficient should be prioritised. They should be mixed in tenure, with a range of accessible social facilities and efficient public transport links to major employment centres, so that people can work, play, shop and go to school within walkable distance of their homes, or at least have the opportunity of efficient public transport to work further afield.

2. Decentralised and low carbon energy production and supply

Background

The age of our existing centralised energy generating stock is such that now is a good time to rethink. We believe the development of decentralised energy systems will not only be key to reducing emissions nationally, it will reduce dependency on a few large single sources of energy and will create a more robust and secure supply of energy. We believe a Conservative government should remove barriers to new, smaller generators and to encourage their adoption.

The recent World Survey of Decentralised Energy showed that 24% of electricity output from newly installed power generation plants in 2005 came from decentralised energy systems. The Energy Saving Trust study meanwhile concluded that micro generation could provide 30–40% of the UK's electricity by 2050 and reduce domestic emissions by around 15%. We believe the UK should support such trends domestically.

Waste heat

Heating is the dominant end use for energy outside of the transport sector and the vast majority of energy consumed in homes. An Energy Saving Trust study found that in 2000, 83% of energy usage in the home was for space and water heating. This excludes electric water heating and still represents about 24% of total UK energy consumption. Most current generation capacity is located too far from the consumer for the waste heat to be used and since it cannot be easily stored and transported represents a huge wastage. Such inefficiency can be addressed through the introduction of a levy, payable on waste heat from big, centralised electricity generators.

- A Power Station Waste Heat levy would encourage power-generating capacity to locate near to heat outlets; and facilitate the move towards community level generation. Its introduction is urgent so to have maximum influence in the development of the necessary replacements for our aging generators over the next few years.

Green Power Bonus payments: earn money by switching to green power

The Renewables Obligation (RO) has developed some technologies such as onshore wind and landfill gas, but has failed to bring forward other low-carbon generation, such as solar, marine and micro generation.

Under the German system anyone generating electricity from solar PV, wind or hydro is guaranteed a payment of four times the market rate for 20 years. The system boosts take-up by consumers by reducing the payback times on such investments to less than 10 years –

compared with 25 or 30 years in Britain. As a result, Germany has 200 times the amount of solar energy as Britain. It has created a quarter of a million jobs in renewables – a number that is growing fast. Freiburg, a town of 200,000 people in the Black Forest, has almost as much solar photovoltaic (PV) power as the whole of Britain.

- Subsidies for onshore wind should be removed and the RO system replaced by banded feed-in tariffs. For micro generation, the export price for electricity would be fixed at a level necessary to stimulate consumer investment without the price uncertainty caused by competitive bidding. This policy proposal has had a dramatic effect in other European countries.

3. A green and efficient transport system

Background

Transport accounts for around a quarter of Britain's human-made CO2 emissions and rising. Over medium distances, cars produce around four times as much CO2 as buses or train, and are second only to aviation in terms of carbon intensity. Traffic congestion is an increasing burden on the economy and is estimated to cost the UK economy £15 million each year in wasted time, rising to £22 billion by 2025 and damaging quality of life in urban centres. The 'predict and provide' approach to road-building has been discredited as traffic volumes rise to fill new capacity. Modern towns and cities would actually be paralysed if everyone tried to access them by cars.

Emissions from aviation are growing fast as the boom in short-haul leisure flights continues. The scale of airport expansion, as currently planned, threatens the integrity of the UK's whole climate change strategy while communities living near airports are set to suffer increasing levels of noise and traffic.

There is now widespread consensus that current and future transport policy should manage the demand for travel, and find greener and more efficient ways of facilitating journeys through incentives and the use of new technologies.

The package detailed below provides a genuine choice of travel options. The choice for people to work, shop and relax close to where they live. The choice to connect destinations via reliable low carbon, low congestion modes – buses, trains, walking and cycling. And the choice not to set off in the first place where home-working or other technology-mediated innovations can reduce the need to travel.

Aviation

Flights are taxed far less than trains or driving cars, which makes no sense considering aviation emissions are rising faster than from any other major sector, and now account for at least 9% of UK greenhouse effect. A significant proportion of flights being taken are to short-haul destinations reachable by train. Over a single journey of 1,500km, an aircraft emits twice as much greenhouse gas per passenger kilometre than a high speed train. Shorter journeys produce even higher emissions per kilometre. Over a 500km trip, aircraft emit six times more greenhouse gas than high speed trains and 12 times more than a coach.

Aircraft fuel is exempt from fuel duty and air tickets are VAT free, reducing Treasury revenues by around £9 billion a year. Around 100,000 of the 470,000 flights using Heathrow airport every year are to destinations where there already exists a reasonable rail alternative, including Manchester, Leeds and Newcastle. Paris is the most popular destination with around 60 flights

to and from Heathrow a day. There are more than 30 flights a day to and from Manchester, Edinburgh and Brussels. With high speed rail, Edinburgh and Glasgow would become even more accessible by overland transport. Transferring these journeys to rail implies significant carbon savings.

Short haul leisure flights exacerbate the country's tourism deficit – the difference between what overseas visitors spend in the UK and what British citizens spend abroad – which already stands at around £15 billion

- Air Passenger Duty should be reformed as a per-flight rather than per-passenger charge to reflect emissions more closely and give airline companies the incentive to fill empty planes;
- VAT to be introduced on domestic flights;
- A moratorium on planned airport expansion should be put in place, with no new runways at Gatwick or Stansted and reconsideration of runway plans at Heathrow until effects of effort to shift short haul flights to rail have been assessed.

Greening the UK Car Fleet

Motoring is currently a very energy-inefficient method of travel. Cars and lorries are responsible for a large majority of the UK's transport emissions. If all cars on the market performed as well as the best in their individual class, their emissions could already be reduced by up to a quarter.

Between 1980 and 2005, the number of cars increased by 78% to 27.5 million. Disposable incomes have nearly doubled since 1980, but in real terms the overall cost of motoring has remained at or below 1980 levels thanks to cuts in the cost of car purchase, insurance, and maintenance. Over the same period, bus and coach fares have increased 42% and rail fares by 39%.

We propose a range of incentives to boost demand for low carbon cars. We believe the Conservative Party should pledge that this new taxation will be introduced only on a replacement basis, with other taxes being reduced in line with increases in these green taxes.

Traffic congestion is another serious but separate problem to emissions, although the two issues have been confused in the debate over national road-user charging. After all, a zero-emission vehicle takes up similar road space to a gross polluter. We believe that a national road-user charge is not appropriate. Charging should remain an option for local authorities, although more sustainable land use – particularly regarding the allocation of road and parking space – could provide effective, lower cost alternatives.

- The UK should lobby for tough targets as the EU prepares a regulatory framework for the energy efficiency of new vehicles.

- A strong link between purchase price and engine efficiency needs to be introduced. This would involve a high registration tax on larger, less efficient cars, and VAT relief for cleaner, smaller cars. We support the Conservatives' target of reducing emissions from new cars to around 100g/km by 2022.

Breaking the Addiction

Our cities have been developed on a basis that assumes vast amounts of travel. Yet it is possible through innovative planning and the use of technology to allow people to link their lives in a way that does not involve vast amounts of travel at all.

- We believe a Conservative Government should work closely with the private sector to promote the benefits of remote working, teleconferencing, videoconferencing etc. This is best done by demonstrating best practice and showing businesses how virtual travel can be more productive. BT is leading the way with this.

Cycling, Walking, Rail

Because of the lack of coherent land use planning, the UK's urban centres have become excessively car-dependent compared to elsewhere in Europe. Improving public transport to a standard where it offers an attractive alternative to the reliability, comfort and convenience of a private car makes common sense.

On the rails, it requires changes in rail franchise structure and management, and strategic capacity enhancements including new high-speed rail corridors between the north and south.

On the roads, this will require better facilities for pedestrians and cyclists, and stronger measures to help buses beat congestion and reach destinations on time. There are many ways in which promoting urban cycling can be imaginative, appealing and surprisingly cost-effective. Paris has recently introduced more than 700 pick-up/drop-off points where sturdy easy-to-ride cycles can be rented free for the first half hour and for very little thereafter and then dropped off at any of the other 700 points. The scheme is commercially underwritten and follows the example of Lyon, where J C Decaux sponsored a scheme in 2005 to deploy 2000 cycles in 175 pick-up points. Each bike is used about 15 times a day. The result is not only low cost, but has led to a huge increase in cycling, sparking interest and enthusiasm among those perhaps previously unwilling to make the change.

- Invest in the rail network to reduce journey times between major cities. Network Rail currently needs some £7bn to upgrade tracks, signalling and stations to cope with increased demand. This will involve extending platforms and trains, and introducing block signalling, which allows more use of existing tracks;
- A Paris-style 'Cyclocity' scheme should be introduced in British cities where hitherto there has been a distinct lack of imagination in this area;

- Much more emphasis should be placed on walking and cycling, linking both to the health agenda;
- The Quality Partnership model for bus services needs to be strengthened, creating a framework whereby operators and local authorities work together to provide high quality services;
- Investment in increased rail capacity is needed to relieve key freight and passenger bottlenecks on the network;
- As far as possible, port capacity must be developed in a way that minimises freight mileage travelled overland.

4. Towards a Zero Waste Economy

Background

It costs around £10 billion a year to process an astonishing 335 million tonnes of waste, most of which continues to go to landfill. It has been estimated by the Environment Agency that British industry is putting up to 8% of its gross profit into landfill. Instead of accepting this cost, we think it is time to consider waste as a potential resource with the value of material we could be recycling put at around £1.8 billion per year by 2020.

We recycle a mere 27% of domestic waste compared with 70% in Flanders. In 2005 in England alone, 28 million tonnes of construction and demolition material was sent to landfill as waste.

It is estimated that there is in excess of 6 million tonnes per annum of food waste in the household waste stream that is currently not composted, and about double this amount from commerce and industry. The majority of this is disposed of to landfill. The cost of waste to our economy is close to £10 billion.

We are truly a throw-away society – indeed most resources stay in the economy for less than six months before being discarded. Domestically the effect of this is disproportionate inefficiency: an ever increasing need for landfill sites; greater pressure to build incinerators; and a growing national waste bill.

If we're to reverse these trends, we need to begin by recognising that waste is a valuable resource, and we need to raise our ambitions. The Quality of Life Group believe Britain should aspire to become a Zero Waste Economy by identifying mechanisms to design waste out of our system.

We believe Britain should aspire to become a zero waste economy by identifying mechanisms to design waste out of our system. We believe the principal lever for moving towards a zero waste economy is through the rigorous application of producer responsibility.

Commercial Waste

Commercial waste – from restaurants and other businesses – is more often than not land-filled, for example in 2002 48% of commercial waste went to landfill; 37% was reused or recycled and the rest went to various forms of waste treatment. Currently, Local Authorities are limited to handling domestic waste only:

- Local authorities should be encouraged to enter into contracts for commercial waste where they can apply the same recycling targets that are applied to domestic waste.

Producer Responsibility

Only through ensuring that the whole of a product's lifecycle is considered at the design stage of product development will business begin to see waste as an avoidable inefficiency.

The current scope of producer responsibility is based on specific product categories (for example packaging, vehicles, electrical products) and only covers the waste generated by these products at the end of their lives. This represents only around 16% of total controlled waste generated and places the burden on householders and local authorities.

- The Producer Responsibility mechanism should be extended to include waste materials in other product categories. This requires the introduction of disincentives on companies who make products whose components cannot be recycled or reused. It requires manufacturers to collect used products and introduce the component parts back into the manufacturing process.

Incentives for Recycling

People want to recycle but the complexity of recycling systems makes it very confusing. We propose that:

- Council Tax bills should show separately the amount charged for the totality of waste services – collection, recycling, and disposal – to enable people to know how much they are paying for the service; and
- Discounts should be offered to encourage recycling. Local Authorities should set a reasonably generous limit by weight or container for residual waste which would be collected within the standard charge and then allow discounts for households which produce less.

Zero Waste to Landfill

Recyclables and biodegradable material such as food waste should be banned from incineration by 2012 and landfill by 2015. This will drive investment in waste reduction and recycling. We propose that:

- The landfill tax should be increased to £80 per tonne by 2015. Except to the extent of any increase in the amount available for local environmental and community gain, this would be a replacement tax and, as with all green taxes, revenues should be used to reduce other taxes.

Incineration

We believe there may be a role for incineration where alternatives do not exist however:

- Consideration for new incinerators should only be given where the facilities generate power and capture heat;
- Incineration should only be considered where it can be demonstrated that it will not impact on waste recycling and prevention programmes, and only where the proposed model is of the highest possible standard; and
- Where incinerators are proposed for a community, approval should be sought from local residents through the use of referendums.

5. Making Britain's food and farming the best in the world

Background

Food is a major contributor to our physical and mental wellbeing. It is a key determinant of our quality of life.

Too many people aren't being given the choice of healthy, affordable, sustainably-produced food, and we are facing mounting public health problems such as obesity, diabetes and coronary heart disease as a result. Food has always been a marginal issue for policy-makers. It needs to become central.

The choices we make when we buy food have ramifications far beyond our own or our children's health. Farming is by far the major user of land in Britain. It is a significant economic sector, and it is responsible for shaping the countryside we know and love. Farming is also a major contributor to climate change and the UK's carbon emissions. Worldwide, agriculture contributes to serious problems, not least large-scale soil erosion and growing water shortages. The effect of this, a growing world population and increasing urbanisation is that the world's bread baskets are under pressure.

Protecting and encouraging our own domestic food capacity is therefore crucial. But an understanding of the fundamental importance of agriculture is rarely voiced. There is a feeling among farmers that they are unwanted, undervalued, and misunderstood. The present Government has failed to give confidence to the agricultural community as a whole. Its antagonism to the countryside has increased the feeling of marginalisation.

Research by the New Economics Foundation demonstrates that for every £10 spent on a local food initiative, £25 is generated for the local economy, whereas £10 spent in a supermarket only generates £14 locally. The congestion associated with food transport costs us £5 billion annually; removing diffuse pollution from water systems caused by intensive agriculture adds £250 million a year to our water bills.

Transformation of the CAP

The goal of further CAP reform is to shift the CAP across Europe from production-related subsidies (Pillar 1) to a system of paying farmers for the public goods and services they provide (Pillar 2).

- With the pressure to reduce the CAP budget, we would anticipate part of the budget being allocated to compensating farmers for a wide range of environmental services –

for example, managing water meadows in such a way as to reduce the speed of surface water.

- The remaining part of the budget would be directed to a range of initiatives designed to stimulate development of sustainable food production systems, and the rebuilding of domestic food infrastructures across Europe.

Reducing the Burden of Regulation

Self-regulation and self-management based on trusting farmers must be the first and foremost priority.

- The recommendations from the Deregulation Working Group of the Economic Competitiveness Policy Group should be taken on board, and a full review of regulatory burdens instituted so that, together with representatives from farmer organisations, reconsideration can be given of all current agricultural regulations and these made less onerous, more realistic, and better attuned to the circumstances in which they are implemented.
- More consideration should be given to Self-Regulation. As many environmental payments as possible should be based on existing farm assurance and management evaluation schemes. Members of schemes run by accredited organisations would qualify for payment for delivery of agreed outcomes. Schemes like LEAF are already in place and these could provide self-regulation, as organic standards already do. Defra and its agencies could outsource a good deal of inspection and regulation. It offers real incentives – payments for environmental outputs, status as an approved farm, and less regulatory intervention.

A one-stop food supply chain service

- We propose a new model that streamlines and brings together the various delivery bodies. There would be a one-stop shop for farms and food organisations in order to improve access to local food markets.

Food Distribution Hubs

- One of the first jobs of a new Supply Chain Service should be to undertake a thorough analysis and mapping of the current food infrastructure – including processors, wholesalers and abattoirs – in order to identify where capacity building in the food chain should be focused.

Public Procurement

One of the most immediate levers that government can use to boost farm income, stimulate the market in sustainable food and raise the standard of food for a large number of people is procurement.

The government spends approximately £1.8 billion each year on food for schools, hospitals and prisons. Public sector procurement is providing over 1,000,000 meals every year, not including meal provision for staff and visitors. On top of this, the NHS employs over a million members of staff, 45% of whom are earning less than £15,000 a year, putting them at risk of poor nutrition.

Invested wisely, in sustainable, local food, this purchasing power could have a huge impact. It would provide a secure local market for farmers, bringing a much needed boost to the rural economy. A recent Sustain project estimated that if 20% of the food spend in London's 69 hospital trusts was spent on local and/or organic food (the project's target for 2013), this would represent an additional value of over £3 million per year for local farming and food businesses in the South East.

It would play a vital role in providing nutritious food to some of the most vulnerable members of society – whether children, through the school meal service, patients in hospitals, or the elderly in care homes. It would benefit the environment through reduced 'food miles', reduced congestion from freight, and by encouraging farming with fewer pesticides and ultimately, greater biodiversity.

The automatic assumption is that sustainable food will inevitably cost more. However, it does not have to. The Royal Cornwall Hospital Trusts for instance source 83% of their food from Cornwall farmers. The programme has cut 'food miles' by 67%, and whereas nationally 37% of patients refuse to eat hospital meals, 92% of patients served through the Cornwall project describe the food on offer as "very good" or "excellent." The overall cost has remained the same.

- As a matter of urgency, we must take advantage of this enormous opportunity and invest the government's £1.8 billion food procurement budget in sustainable local food.

A strengthened, legally binding Code of Practice for supermarkets

- The current Supermarket Code must be strengthened to remove the vagueness of the wording, which depends on interpreting what does or does not constitute 'reasonable' behaviour. This would make it easier to prove a breach of the Code. The original proposal for a code in 2000 provides a good basis for a strengthened code and compliance would be expected by retailers with a market share of 8% and over. It should also be applied to overseas suppliers with equal force as to UK suppliers.

A planning process and food strategy that ensures the best for society

- The planning system should prioritise the protection and enhancement of ‘town centres’ and ‘local neighbourhood shopping centres’ over and above out of town/edge of town retail development. This is not only in the interest of protecting smaller local shops, but also to maintain the town’s economic and social viability, reduce car dependency and promote ‘walkability’.
- Local authorities should include retail strategies based on retailing needs assessments within their local development frameworks, developed in consultation with the local community, and which reflect their needs. The strategies will include clear guidance on issues such as the amount of floor space allocated to superstore development, including an upper limit cap if deemed desirable by the community, where it is appropriate to site particular types of retail outlet etc.
- The prioritization of large format stores in town centres should be removed. Local authorities should send clear signals about their planning policy through robust indicators about ‘town centre first’, diversity and joined up strategies for food, transport, tourism and sustainability.

Clear and honest labelling with help for small producers

There is a need for leadership and clarity from government on these issues, and if necessary changes in the law at EU level need to be made to simplify the different regimes. For the smaller food producer, requirements to provide labelling and other information are often onerous and expensive.

- As a first step, the FSA, the Food and Drink Federation (FDF), and the Institute of Grocery Distribution (IGD), under an independent chairman, should establish a high-level group to clarify the issues, identify solutions, and isolate those concerns, which can only be addressed by Government or EU action.
- Smaller businesses should not have to provide more than the minimum amount of information required by law, particularly in situations where the owner or grower can provide the information verbally (e.g. at farmers’ markets, farms shops or by telephone).

6. Protecting Britain's marine environment

Background

We face an unprecedented crisis in the marine life of our seas and oceans. Recent research has predicted that the world will run out of seafood species to fish by 2048, and the associated loss of marine biodiversity will destroy the oceans' natural ability to adapt and self-repair.

The evidence is bleak:

- 70–80% of the world's marine fish stocks are fully exploited, overexploited, depleted or recovering from depletion.
- 15 out of 17 of the world's largest fisheries are so heavily exploited that their reproductive cycles cannot guarantee continued catches.
- Each year more than 80m tonnes of fish are caught globally; total marine production peaked in 2000 at 87m tonnes and has declined since.
- The world's human population has doubled since 1960 and is expected to reach 6795 million in 2010.
- Demand for fish in 2010 is expected to reach 110 million tonnes, outstripping supply.

The global crisis is mirrored in UK waters but currently only approximately 2% of the UK sea area is afforded any level of protection. There is only one No Take Zone in the UK and three marine nature reserves.

Rescuing ecosystems from collapse should therefore be a priority. For reasons of food security, securing the livelihoods of fishermen and fishing communities, as well as providing for all those other interests that are dependent upon the sea, it must be a political priority too.

- Support should be given to WWF's call for the introduction of the Marine Protection Bill no later than in the next Queen's Speech in November 2007;
- The 6 nautical miles surrounding the UK mainland that are sovereign territory should be extended to 12 nautical miles;
- Those 12 nautical miles should be divided into different categories of Marine Protected Areas. Global marine reserve data shows that protective measures usually result in rapid recovery of species diversity and associated economic benefits.

The primary purpose of all Marine Protected Areas would be to support the recovery and conservation of biodiversity and the ecosystem. There would be varying levels of protection, with the most highly protected areas being entirely off-limits to human activity; the second level allowing recreational fishing and touristic activities where the activities do not damage the environment; the third level allowing fishing – but in vessels smaller than an agreed size; and the fourth level allowing extraction and industrial fishing, subject to existing or proposed regulation.

7. Slowing down water

Background

Weather patterns are becoming more volatile, dumping large amounts of rain in short, sharp bursts between long, hot periods of drought and evaporation.

Extravagant water use, combined with paving over substantial areas of our towns and suburbs which prevents rain being absorbed, lead to the unsustainable pressure on storm drains and on combined sewers which, in turn, discourage dirty water into rivers. In the countryside mistaken agricultural practices lead to diffuse pollution of our rivers and a lack of natural storage of water.

We advocate a new approach: Slow Water. This aims to relieve the increasing pressures on the fresh water cycle by reducing the pace of waters journey from sky to sea.

- Incentives should be introduced to reverse impermeable surfaces in buildings, car parking and roadways through building standards and water charges;
- Gardens should be reclassified as Greenfield sites;
- Planning policy should be changed to strongly discourage further building on flood plains;
- There is an urgent need for people to realise that they can make a personal difference through water conservation and efficiency to which end we recommend the introduction of water efficiency standards to be included in new building codes, and a programme of smart metering for water.

8. Measuring well-being

Background

As well as being inadequate in itself to measure human well-being, GDP also includes many economic activities that actually decrease it. Meeting the costs of cleaning up an oil spill, treating drug addiction or policing a crime wave will all add to a nation's GDP. The Enron fraud in the USA has been calculated to have added upwards of \$1bn to US GDP.

In recent years, both the World Bank and the UN have begun initiatives to look beyond GDP. A number of countries around the world have begun to experiment with measures which incorporate environmental and human well-being issues into their definitions of national progress. Countries as varied as Australia, Thailand, and China are using an array of general well-being indicators such as the Index of Sustainable Economic Wellbeing (ISEW).

Some things, clearly, do not have a price. Nevertheless, many of the environmental goods and services of which we take advantage are currently not taken into consideration in conventional economic accounting. This leads to the degradation of the environment and often in a diminution of the welfare of our society as well - the two are intrinsically linked.

We need to establish a proper framework for policy making that encourages policy makers and political discussion to focus on general well-being, not just on GDP.

- Commitment to developing a 'triad' of economic, environmental and social indicators should be made. These would be an adjusted GDP measure which would depreciate physical and financial assets and include a factor to reflect the welfare impacts of inequality; an environmental well-being measure perhaps using carbon footprint as a proxy; and a social well-being index using a balanced objective and subjective measure.

9. The imperative of climate change

Putting a value on carbon

We won't change behaviour until carbon is stitched into the economics of our daily lives. If we can correct the market failure to put a value on carbon, then as Conservatives we can trust the market to deliver change at the lowest price. A Conservative Administration must be more ambitious than this Government in seeking to help British business minimise their risk and maximise their opportunity in the new marketplace that will emerge.

- The priority must be to give business the clear, long term policy framework that they need in order to justify investment in a low carbon future. Government will need to use all the tools in the box in pursuit of that objective.

Emissions Trading

Emissions trading is the policy tool which covers half of our emissions. It has a key role to play in helping companies find the most cost effective way of reducing their net emissions. However the core EU platform needs robust reform in the third phase of the EU Emissions Trading Scheme to deliver a significant price for carbon and be the driver of innovation that we need.

- The amount of political risk in the process must be reduced by increasing the level of auctions for pollution permits, and pressing for agreement on common and transparent methodologies for allocating any surviving free allowances. This is consistent with Conservative determination to reinforce the principle that 'the polluter pays'. Under our proposals the overall tax burden on business would not increase as we argue that the potentially significant proceeds from auctions should be recycled to support British business as it takes the lead in helping us make the transition to a low carbon economy.

Carbon tax strategy

Emissions Trading needs to be complemented by a more radical; coherent and transparent carbon tax strategy. This is fundamental to the declared strategy of the Conservatives to shift the basis of taxation away from 'goods' such as employment onto 'bads' such as pollution.

- The Climate Change Levy needs to be reformed to become a tax on carbon rather than a tax on energy. In order to give British companies some reliable indicator of forward carbon prices, we also recommend that reform should include a minimum carbon levy that would in effect set a floor price for carbon. We also argue that the tax system needs to send stronger signals in order to influence the choices that we all make.

Regulation

The carbon tax strategy in turn needs to be reinforced by a radical and Conservative approach to regulation. What we need is a process which gives the clear direction and speed of travel that business needs while freeing business to find ways of meeting the ends rather than prescribing the means. We need regulation to become a much simpler, dynamic process where the best standards of today become the minimum standards of tomorrow because business finds the ways of achieving cost-effective improvement. The ends will be clear, the signals constant, and the means will be left to the market. Our new car emissions and building standards recommendations are in line with this approach.

Carbon disclosure and investment principles

Britain has the most powerful capital markets in the world. By requiring greater emphasis on principles of sustainable finance, we can use the power of capital more effectively on behalf of the environment. In doing so, we will reinforce the position of the City of London as the centre of carbon finance. We want to break the current chain of 'carbon apathy' between sources of capital and the companies they own in order to make businesses think more about carbon and be more accountable for their impact on climate change.

- We are recommending that large companies be required to disclose their greenhouse gas emissions to a common standard.
- We propose that the 1995 Pensions Act should be amended to adjust the Statement of Investment Principles ('SIP') in order to define, for the first time, the actual meaning of the existing requirement to cover 'social, environmental or ethical considerations'. In this context, we should also require trustees to take climate change considerations specifically into account.
- We also recommend that the FSA should require all pension funds to include a Climate Change clause in their mandates to fund managers.

Sustainable procurement

The Government must use its power to transform market attitudes to carbon through its own £150 billion a year procurement programme. We want to see Government drive behaviour change down in its own supply chain as effectively as big blue chip companies such as M&S with Plan A and GE with Ecomagination.

- Our recommendation is to establish a procurement policy that gives preference to the product or service with the lowest environmental impact unless there is a clear price disadvantage. Companies would be disqualified if they could not demonstrate that they were making efforts to contribute to the national targets on reducing greenhouse gas emissions.

The polluter pays

Phasing out subsidies to the fossil fuel industries would be consistent with the principle of shifting the basis of taxation to give greater rewards to perceived ‘goods’ such as employment and greater penalties for perceived ‘bads’ such as pollution. The polluter should pay, not get paid.

- We recommend phasing out taxpayer subsidies to the fossil fuel industry, which are estimated at \$150–250 billion per year globally.

A significant amount of the UK’s support for fossil fuel projects is in the form of export credit guarantees, through which public money is used to underwrite investments in large-scale energy projects in the developing world. The mandate of the Export Credits Guarantee Department needs to be aligned with the government’s sustainable development and climate change policies, as well as its international commitments.

- We recommend that the ECGD should be required to provide clear, transparent public reporting of the greenhouse gas emissions resulting from the projects it supports. This should be accompanied by a commitment by government to amend the legislation that sets the remit of the ECGD, which would allow it to insist that all exporters should contribute to the reduction in emissions and prove that their products at least meet the requirements of domestic legislation on emissions.

Strong Communities

It is time to place less faith in the power of Big Government to change our lifestyles, and recognise that sustained change in values can only be built from the bottom up, underpinned by a broader consensus in society than exists today. The greater sense of community and local accountability we build the more effective we will be in helping people engage with their responsibility to the environment. The information landscape needs de-cluttering and a more accessible language developed around carbon and energy. Low carbon products and services must be seen as a normal choice to make as well as being a compelling one.

We strongly believe that Communities should have real influence in the decisions that will shape the future of their area and see the Sustainable Communities Bill as only the beginning of this journey. Community group initiatives should receive increased financial support, and a national network of climate change ambassadors developed. In this context we see Local Government and community schools as much underutilised assets. Rather than impose more central targets, our instinct is to focus on supplying the information, incentives and support they need to develop and share best practice.

- We propose the creation of one integrated information hub – the ‘One Planet Trust’ – as the place to go for advice and connections. The OPT would have a special role with

schools where it would provide a single, reliable source of information and ideas for head teachers on how to 'green the school', access grants, and link with partners such as social enterprise initiatives, local businesses and other schools.

International

On the international stage, we want to see Britain using our relationships to bring together a coalition of the ambitious. The priority is to build common ground on both the end and the means to counter this potentially seismic threat to our security. In relation to the end, we believe that we should not give up on limiting temperature increases to 2°C, not least because the risks appear to rise sharply from there.

In the interests of equity and practical politics, rich countries have to take a lead with binding and absolute emission reduction targets to cover the key period out to 2020 and ideally 2030. Major developing countries have differentiated responsibilities but need to start on a journey towards binding emission targets.

In relation to the means, we attach particular importance to policies that buy us some time, not least while we are developing the supply side technologies such as carbon capture and storage. The three most cost effective ways we can do this over the next fifteen years are to raise the standards of energy efficiency, as previously discussed, slow the destruction of carbon sinks, and get rid of HFCs.

Deforestation

Given that land use change and deforestation account for approximately 20% of global greenhouse gas emissions (approximately the contribution of China) this must be a top priority. In essence we have to structure incentives for conservation, along the principle of agricultural subsidy in the EU for conservation of the environment/countryside. Given the eco-services provided by the forests, we have no conceptual problem about attaching a value to them.

- We acknowledge the complexities of managing forestry projects within the CDM, but support the call for credit to be given for all certified activities which increase forest cover and preserve existing forests in the developing world. We would also like to see this taken into consideration in Phase III of the EU ETS, which has also excluded all forms of credit for forestry projects within the developing world.

In 2005, the UK was the biggest importer of illegal timber in Europe. The total made up to 26% of our imported wood. Although Defra established the Central Point of Expertise on Timber (CPET) to advise central government and its agencies on sourcing timber from legal and sustainable sources, nothing has been done to prevent others from importing illegally logged timber.

- We need legislation to ensure that only legal and sustainable timber products are sold in the UK.
- We would also like to see further Voluntary Partnership Agreements (VPAs) developed between the UK and producer countries, within which emphasis should be placed on the principles and criteria of the Forest Stewardship Council (FSC). The legislation should be framed in such a way that it would give powers to ministers to introduce temporary banning orders of other imports found to be in flagrant contradiction of our international obligations, thereby acting quickly to prevent abuse.

Getting rid of HFCs

The most effective single action we could take to cut the growth in world emissions would be to extend the Montreal Protocol, in order to accelerate the phase out of HFCs (hydrofluorocarbon) – a ‘super greenhouse gas’. This would be to build upon the one great exemplar of global action that has already worked, CFC abolition,

Even though the Montreal Protocol was intended to deal with the depletion of the Ozone Layer, it has also reduced the greenhouse gas effect. It is believed that the Montreal Protocol’s phasing out of ozone depleting substances will reduce greenhouse gas emissions by 11 gigatonnes of CO₂-equivalent by 2010; approximately 11 times greater than Kyoto’s mandated reduction. An aggressive phase-out schedule is technologically and economically feasible.

- The UK should therefore reverse its previous stance in the EU and promote a ban on HFCs and their family of global warming chemicals. From 2011 these gases would not be allowed in new equipment and from 2016 there would be no further manufacture.

Conclusion

Our quality of life depends on our natural environment in a way that we have until now underestimated. We have reached a critical stage in terms of the need to turn rhetoric on environmental crisis into effective action.

The path we are proposing will balance the need for growth with a greater emphasis on wellbeing and environmental protection. The economy will benefit because we will be more cost efficient and will be creating new jobs and profits in the vanguard of the low carbon future. Our energy and food security will be enhanced. Restoring the trust and connections between town and country can only help to rebuild a sense of community; whilst our increasingly fragmented society will be stronger for working together for a collective good, for the benefit of present and future generations.

We believe that this country is ready for a future where our lifestyles are healthier both for ourselves and for the environment on which we depend; where Britain can once again take pride in our infrastructure; and where we live in better designed communities in which people feel they have a real stake and a sense of shared responsibility.

It is time to take action; for ourselves, for our one planet, and for the future generations who will inherit it.