



Department
for Environment
Food & Rural Affairs

Consultation on changes to packaging recycling business targets for paper, steel, aluminium, wood and overall recovery and recycling for 2018-20

November 2016



Llywodraeth Cymru
Welsh Government



Department of
**Agriculture, Environment
and Rural Affairs**
www.daera-ni.gov.uk



The Scottish
Government



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Introduction

This consultation seeks your views on proposals by the Department for Environment, Food and Rural Affairs, the Scottish Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland, to amend the business targets for paper, aluminium, steel and wood and for overall recovery and recycling in the Producer Responsibility Obligations (Packaging Waste) (Amendment) Regulations 2007 (as amended)¹ and the Producer Responsibility Obligations (Packaging Waste) (Amendment) Regulations (Northern Ireland) 2007 (as amended)² These Regulations are referred to as “the Packaging Regulations” in the rest of this document.

The UK has had since 1997 a statutory producer responsibility scheme for packaging recycling, which implements the Packaging and Packaging Waste Directive (94/62/EC, as amended – hereafter referred to as ‘the Packaging Directive’). This scheme internalises some of the externalities of dealing with packaging at the end of its life. This reduces the amount of packaging waste going to landfill and reduces the environmental impacts in a way that is better for the environment and natural resources than landfill. It does so by setting minimum recycling and recovery targets on UK businesses in the packaging supply chain. The current targets run until 2017.

The existing business targets for 2013-17 were consulted on in 2011 and final targets announced at Budget in March 2012³. The targets were set using the best evidence available from business at the time. Glass targets were revised in 2014⁴ following the publication of the GlassFlow report. In 2015, following the publication of the PlasticFlow report the plastics targets were also amended for 2016-7, along with the establishment of new targets for plastic and glass for 2018-20. The Statutory Instrument will come into effect by the end of 2016.

The targets for the other materials (paper, steel, aluminium and wood), as well as the overall recovery and recycling targets, expire in 2017. The Packaging Directive requires member states to deliver a specified recycling rate by 2008 and maintain that rate each year thereafter. Therefore, without targets beyond 2017 we would be in breach of our Packaging Directive requirements and would not deliver our domestic policy.

This consultation proposes options for new material specific recycling targets for paper, steel, aluminium and wood and new overall recovery and recycling targets from 2018-20.

The proposals in this consultation are expected to be of greatest interest to:

- Packaging ‘producers’, as defined in the Packaging Regulations
- Packaging compliance schemes

¹ http://www.legislation.gov.uk/ukxi/2007/871/pdfs/ukxi_20070871_en.pdf

² <http://www.legislation.gov.uk/nisr/2007/198/contents/made>

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/82441/packaging-ia.pdf

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294272/packaging-targets-ia.pdf

- Reprocessors and exporters of waste packaging
- Waste management companies and local authorities involved in the collection of packaging
- Any research institutions, groups or individuals with a particular interest in packaging waste.

The Government is considering 3 options for setting packaging recycling business targets for paper, aluminium, steel, wood, overall recovery and overall recycling for 2018-2020. The potential targets are presented in the table below.

Full details of the costs and benefits of the different options are described in the Impact Assessment that accompanies this consultation document.

Option 1			
	2018 Business Target	2019 Business Target	2020 Business Target
Paper	69.5%	69.5%	69.5%
Aluminium	55.0%	55.0%	55.0%
Steel	76.0%	76.0%	76.0%
Wood	22.0%	22.0%	22.0%
Total Recovery	79.0%	79.0%	79.0%
Total Recycling	72.7%	72.7%	72.7%
Option 2			
	2018 Business Target	2019 Business Target	2020 Business Target
Paper	71.0%	73.0%	75.0%
Aluminium	57.0%	59.0%	61.0%
Steel	79.0%	82.0%	85.0%
Wood	38.0%	43.0%	48.0%
Total Recovery	80.0%	82.0%	85.0%

Total Recycling	73.6%	75.4%	78.2%
Option 3			
	2018 Business Target	2019 Business Target	2020 Business Target
Paper	70.0%	71.0%	72.0%
Aluminium	58.0%	61.0%	64.0%
Steel	78.0%	80.0%	82.0%
Wood	25.0%	28.0%	31.0%
Total Recovery	80.0%	81.0%	82.0%
Total Recycling	73.6%	74.5%	75.4%

We welcome views from respondents on which targets are most desirable and the reasons why.

We would also welcome any further evidence and comments on the evidence provided in this consultation especially regarding the data which underpins the targets and impacts on the costs/benefits. The responses to the consultation will be used to help determine the final preferred option.

The UK Government's overarching aim is to have appropriate targets which ensure that the UK complies with the Packaging Directive targets whilst maximising the benefits for consumers, businesses and the environment.

This consultation fulfils the requirement in section 93(2) of the Environment Act 1995 to consult those likely to be affected by any proposed changes. In Northern Ireland the consultation fulfils the requirement in Article 3(2) of the Producer Responsibility Obligations (Northern Ireland) Order 1998.

Comments should be submitted by 12pm on 06 January 2017 at the latest.

Responding to this consultation

Please send your comments on the proposals in this paper and on the accompanying Impact Assessment to the following address:

Producer Responsibility Team, Defra
Area 2B Nobel House
17 Smith Square
London SW1P 3JR

Or you can send your comments by email to packaging@defra.gsi.gov.uk

Respondents in Scotland should also send their response to:

Tim Chant
Zero Waste Delivery Team
Environmental Quality Division
Scottish Government
1-D(N) Victoria Quay
Edinburgh
EH6 6QQ

Email: timothy.chant@scotland.gsi.gov.uk

Respondents in Wales should also send their response to:

Alex Hamilton
Waste Regulation Policy Branch
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Email: waste@wales.gsi.gov.uk

Respondents in Northern Ireland should also send their response to:

Janis Purdy
Environmental Policy Division
DoENI
6th Floor, Goodwood House
44-58 May Street
Belfast
BT1 4NN

Email: wslpr@daera-ni.gov.uk

Consultation Criteria

Information provided in response to this consultation document, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want information, including personal data that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

This consultation is in line with the Code of practice on Consultations. This can be found at <https://www.gov.uk/government/publications/consultation-principles-guidance>

Copies of responses will be made available to the public on request. If you do not want your response – including your name, contact details and any other personal information – to be publicly available, please say so clearly in writing when you send your response to the consultation. Please note, if your computer automatically includes a confidentiality disclaimer, that won't count as a confidentiality request.

Please explain why you need to keep details confidential, and we will take your reasons into account if someone asks for this information under freedom of information legislation. But, because of the law, we cannot promise that we will always be able to keep those details confidential.

We will summarise all responses and place this summary on our website at:

www.gov.uk/defra.

This summary will include a list of names of organisations that responded but not people's personal names, addresses or other contact details.

Complaints relating to the consultation process should be addressed to Ola Osinibi, Defra's Consultation Co-ordinator, 8A, 8 Floor, Nobel House, 17th Smith Square, London SW1P 3JR. Or email at: consultation.coordinator@defra.gsi.gov.uk

Background

1. Overview of producer responsibility for packaging

The Packaging Directive aims to harmonise the management of packaging waste by reducing the impact of packaging and packaging waste on the environment and by avoiding obstacles to trade and distortion and restriction of competition within the Community.

The Packaging Directive sets a minimum overall recovery target of 60% (of which a minimum of 55% must be recycling), as well as material-specific recycling targets.

These targets are to be met by Member States by 31 December 2008. After that date, Member States must continue to meet these minimum targets, but they have the freedom to set higher national targets. The UK has done this for certain materials, including plastic, where there is a robust environmental and economic case to increase the rate of recycling above the level set in the Packaging Directive.

The Packaging Regulations implement the Packaging Directive through a system of 'producer responsibility', which is an extension of the 'polluter pays' principle. This system makes producers (businesses that handle more than 50 tonnes of packaging per annum and have an annual turnover of over £2 million) responsible for meeting their share of the EU targets, based on their role in the supply chain and the amount of material handled in the preceding year.

Statutory recycling targets on packaging producers are required to ensure that the UK continues to meet the minimum recovery and recycling levels set down in the Packaging Directive. In 2011, Government consulted on revised targets for the period 2013-2017⁵. Since then, in response to the GlassFlow and PlasticFlow reports, the Government has amended the targets for plastic and glass to better reflect the actual market position⁶ and to establish new targets for 2018-20.

2. Material Flow reports

Since 2014, when Defra commissioned the PlasticFlow report to review the industry-provided underlying data used to calculate the targets for plastic packaging waste recycling, similar reports have been published for all the packaging materials. These have been accepted by the Department as the most robust data available and have been used for the basis of calculation of these proposal and for the cost/benefit analysis in the accompanying Impact Assessment.

3. Recycling and recovery targets: baseline assumptions

⁵ <https://www.gov.uk/government/consultations/recovery-and-recycling-targets-for-packaging-waste-for-2013-2017>

⁶ http://www.legislation.gov.uk/ukxi/2014/2890/pdfs/ukxi_20142890_en.pdf

The Packaging Regulations include a de minimis threshold, exempting businesses which have a turnover below £2m and who handle under 50 tonnes of packaging; they are 'not obligated'. However, the packaging that is handled by those exempt businesses still counts when calculating the UK's recycling performance. This is because the Packaging Directive targets are set as a percentage of the total packaging waste arising in each Member State.

Therefore the recycling and recovery targets which apply to 'obligated tonnage' (that handled by 'obligated businesses') are higher than those set by the Packaging Directive in order to cover material handled by de minimis businesses. This ensures that the UK complies with the Packaging Directive targets. These higher domestic targets are known as business targets.

UK business targets are estimated using the following data:

- (i) The amount of packaging flowing into the UK waste stream, and
- (ii) The level of packaging that is 'obligated' on the UK market.

The current targets use projected figures, estimated in 2010, and based on 'actual' industry data for 2009. To this baseline, we applied a projected growth rate. These figures were provided by industry and we sought comments on their robustness as part of the public consultation on the recycling targets for 2013-2017.

The WRAP/Valpak Flow reports have produced new estimates of the packaging waste arisings based on a thorough and detailed analysis of the market. This means

- For paper
 - The project's final best estimate of UK paper and card packaging POM for 2014 is 4,749kt: an increase of 862k tonnes from the previous estimate for 2014 of 3,887k tonnes.
 - The projected trend between 2014 and 2020 in obligated paper and card packaging POM is zero growth.
- For steel –
 - The most robust estimate that could be derived, based on publicly available data, suggests that the quantity of steel packaging POM in 2012 was 524k tonnes and 529k tonnes in 2013
 - This has been used as the baseline for estimating new potential targets.
- For aluminium –
 - The most robust estimate that could be derived, based on publicly available data, suggests that the quantity of aluminium packaging POM in 2012 was 178k tonnes and 174k tonnes in 2013
- For wood
 - The project's final estimate of UK wood packaging POM for 2014 is 1,310k tonnes: an increase of 276k tonnes compared to the previously used figure
 - Unobligated or unregistered flow of wood packaging accounted for 8% of POM in 2014;

- The projected growth trend between 2014 and 2020 in wood packaging POM is 4.3%

Q1. In your view, are the estimates made in the Flow reports for waste arisings the best available data?

Q1a. Are you aware of any other factors which may affect the level of packaging waste entering the waste stream?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures as necessary.

Estimating the 'obligated tonnage' requires assumptions to be made about the amount of packaging businesses will handle in future years. This does not, and cannot take account of future unknown economic or market events at a national or international level, nor of commercial developments at company level.

The current targets in the Packaging Regulations are based on the assumption that obligated tonnage will closely follow the prevailing trend for material placed on the market, which has, historically, shown to be true. The level of obligation has grown or fallen approximately in line with the growth in packaging waste arising. Therefore we expect the obligated tonnage to continue to track packaging waste arisings, and so plan to use the same growth rates (0%) for both.

Q2. In your view, are there other factors which may affect the levels of obligated tonnage reported?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures as necessary.

The Proposals

Option 0: Do nothing – do not amend existing legislation, keep all targets already legislated in 2017, then let legislation expire and have no business targets

In the Impact Assessment this option establishes the counterfactual for the period in the absence of any changes to the policy. This option does not form part of the consultation.

If there were no targets in place the UK would be in breach of the requirements of the Packaging Directive, as well as the negative impact on recycling rates and the delivery of the household waste recycling targets. It is therefore a notional baseline against which the other options are measured.

Option 1 – Extend the 2017 targets until 2020

Option 1 would then flat-line those targets out to 2020 thereby maintaining the same level of recycling from 2018-2020.

This would mean no increase in the overall rate of recycling, but also no additional cost to business.

Option 2 – Set targets in order to achieve the Circular Economy Package recycling targets for 2025.

Option 2 sets ambitious targets that would put the UK on a trajectory to hit the material specific and general recovery and recycling targets proposed for 2025 and 2030 in the draft EU Circular Economy Package⁷.

This will mean increases of 2% per year for paper and aluminium, 3% for steel and 5% for wood, plus an increase to 85% overall recovery by 2020.

Option 3 – Optimal targets based on cost-benefit analysis for each material: high ambition targets for aluminium and steel; increasing but less ambitious targets for paper, wood, and overall recycling and recovery.

Option 3 attempts to assess the 'optimum' level of recycling for each material and the general recycling and recovery targets, based on analysis for each material of the costs and benefits associated with diverting additional tonnes from landfill to either energy recovery or reprocessing.

This option has large increases in the targets for aluminium, and to a lesser extent steel, due to their high material value and the large carbon savings that occur if these materials are diverted from landfill to reprocessing. Paper and wood, which are relatively less valuable in secondary markets and in carbon saved from diverting from landfill, would see smaller increases. Overall recovery and recycling would also see relatively smaller increases as these targets tend to drive up recycling rates of paper and wood only.

⁷ http://ec.europa.eu/environment/circular-economy/index_en.htm

Summary

The Impact Assessment provides a full analysis of all of the options, but in summary:

Summary of options

Based on the high and low scenario assumptions, we estimate the following NPV ranges for the three options:

- **Option 1: £3.00m – 5.33m (central estimate: £3.57m)**
- **Option 2: £1.63m – 21.79m (central estimate: £8.89m)**
- **Option 3: £22.24m - £39.12m (central estimate: £22.34m).**

The net social benefit and equivalent annualised cost to business estimated for each option are shown in the table below:

	Net present value best estimate (£m)	Annualised net cost to business (£m)
Option 1	3.47	-0.6
Option 2	8.89	-0.1
Option 3	28.01	-4.0

Full details of the costs of each option are included in the accompanying Impact Assessment.

The Government does not have a preferred option. However we welcome views from respondents on which targets are most desirable and the reasons why.

We would also welcome any further evidence and comments on the evidence provided in this consultation especially regarding the data which underpins the targets and impacts on the costs/benefits.

Q3. Do you have any additional information or evidence to improve the analysis of the costs and benefits?

Q4. What is your preferred option? And why?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures, and take additional information and factors into account as necessary.

Summary of Questions

Q. 1. In your view, are the estimates made in the Flow reports for waste arisings the best available data?

Q1a. Are you aware of any other factors which may affect the level of packaging waste entering the waste stream?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures as necessary.

Q2. In your view, are there other factors which may affect the levels of obligated tonnage reported?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures as necessary.

Q3. Do you have any additional information or evidence to improve the analysis of the costs and benefits?

Q4. What is your preferred option? And why?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures, and take additional information and factors into account as necessary.