



Department
for Environment
Food & Rural Affairs

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Consultation on changes to the plastic packaging recycling business targets for 2016-17 and new targets for plastic and glass for 2018-20

November 2015



Llywodraeth Cymru
Welsh 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 the Environment for Northern Ireland, to amend the plastic and glass recycling business targets 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, which investigated the data used to calculate targets.

Defra commissioned a similar report, PlasticFlow, which reported in 2014 and provided an updated picture of the plastic market in terms of material placed on the market⁵. The report indicated that the amount of plastic waste placed on the market was significantly lower than the estimates made in 2011/12. Therefore, the targets in the Regulations are based on the expectation of much higher waste arising. This means that it is possible to reduce the business targets on obligated producers and still maintain a similar recycling rate.

In addition, current domestic targets for all materials expire in 2017. The Packaging Directive requires member states to deliver a specified recycling rate by 2008 and

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

⁵ <http://www.wrap.org.uk/content/plastic-packaging-market-study-plastic-flow-2014-0>

maintain that rate each year thereafter. Therefore, without targets beyond 2017 we would be in breach of our Packaging Directive requirements.

This consultation proposes options for revised targets for plastic for 2016-17 and for new targets for glass and plastic for 2018-20.

New targets for 2018-20, and possibly beyond, for the remaining materials (steel, aluminium, paper and wood) will be brought forward at a later date, once work on the data for these materials has been finalised and accepted.

The costs and benefits of the proposals are described in the Impact Assessment that accompanies this consultation document.

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

- Packaging 'producers', as defined in the Packaging Regulations
- Packaging compliance schemes
- 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.

In summary the options included in this consultation document and Impact Assessment under consideration are:

For plastic -

- Option P1 – Do not amend plastics targets for 2016 and 2017 then keep target at 57% to 2020 (this would deliver a 48% recycling rate by 2017 and maintain the same level through to 2020)
- Option P2 – Amend existing plastic target to 48% for 2016 then increase by 1% each year to 2020 (this would deliver a 44% recycling rate by 2020)
- Option P3 – Amend existing plastic target to 49% in 2016 then increase by 2% each year to 2020 (this would deliver a 48% recycling rate by 2020).

For glass -

- Option G1 - Do not amend glass targets for 2016 and 2017 then keep target at 77% to 2020 (this would continue to maintain a 66% recycling rate from 2017 to 2020).
- Option G2 – Do not amend glass targets for 2016 and 2017 then increase by 1% each year to 2020 (this would deliver a 68% recycling rate by 2020).

Option P3 is the Government's preferred option for plastic targets. There is no preferred option for glass targets

We welcome views from respondents on which options 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 5pm on 23 December 2015 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: ws1pr@doeni.gov.uk

Confidentiality & Data Protection

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.

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. For plastic this is 22.5% and 60% for glass.

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. For 2015, the Regulations require obligated producers to recycle 47% of the plastic packaging handled, rising to 52% in 2016 and 57% in 2017.

For glass, obligated producers are required to recycle 76% of the packaging they handle in 2015, rising to 77% in 2016/7. The target is also split based on the type of recycling activity requiring glass producers to ensure that 66% of their obligation is met through recycling by remelt applications in 2015, rising to 67% in 2016/7.

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 2013-2017⁶. In 2014, in response to the GlassFlow report, the Government amended the targets for glass to better reflect the actual market position.⁷

⁶ <https://www.gov.uk/government/consultations/recovery-and-recycling-targets-for-packaging-waste-for-2013-2017>

⁷ http://www.legislation.gov.uk/uksi/2014/2890/pdfs/ukxi_20142890_en.pdf

2. PlasticFlow

In 2014 Defra commissioned a report to review the industry-provided underlying data used to calculate the targets for plastic packaging waste recycling and “PlasticFlow” was published in December 2014. Using a similar methodology to the GlassFlow report, the research produced a new estimate of plastic packaging waste arisings based on a thorough analysis of the market. The Department accepted the PlasticFlow figure as the most robust data available and consulted from March to May 2015 on the implications of the data as part of our consultation on possible changes to the Packaging and Batteries Regulations⁸.

The report suggested the estimates from business for the plastic waste arising were historically too high. This means that the business target could be reduced, with the UK continuing to deliver similar levels of recycling thereby reducing the costs of compliance for business.

3. Recycling and recovery targets: baseline assumptions

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.

⁸ <https://consult.defra.gov.uk/waste/producer-responsibility-consultation>

The WRAP/Valpak “PlasticFlow” report has produced a new estimate of plastic packaging waste arisings based on a thorough and detailed analysis of the market. It estimates the amount of plastic packaging flowing into the UK waste stream as 2.26k tonnes in 2012. PlasticFlow also assumes that there has been no growth in the market in 2012-5 and that this will continue to 2017. This was the case between 2008 and 2012 and a further period of no growth is deemed likely by the trade associations engaged for the PlasticFlow project.

This means that there is likely to be around 500kt less plastic waste arising in 2016 than the previous estimate (2.71kt).

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

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

Q1b. Do you agree with the ‘no growth’ assessment?

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.

Data underpinning current targets

	2015	2016	2017	2018	2019	2020
Plastic packaging						
Total waste arising	2,260,000	2,260,000	2,260,000	2,260,000	2,260,000	2,260,000
Obligated tonnage	1,883,790	1,885,676	1,885,676	1,885,676	1,885,676	1,885,676

Business target	47%	52%	57%	n/a	n/a	n/a
Expected tonnage recycled	886,268	923,981	961,965	n/a	n/a	n/a
Expected recovery rate*	39%	43%	47%	n/a	n/a	n/a

* based on current targets

The Proposals

Options for Plastic

Option 0: Do nothing – do not amend existing legislation, keep all targets already legislated in 2016-17, 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 P1 – Do not amend plastic targets for 2016 and 2017 and then maintain at 57% to 2020

Clearly, one option could be to leave the business target as currently set in the Regulations. This would provide continued achievement of the Packaging Directive targets to a high level and significant environmental benefit. However, using the data from PlasticFlow, the existing business targets (57%) would deliver a recycling rate of around 48% in 2017, significantly higher than the original intention. This would mean higher costs for producers, in order to deliver the increased level of recycling. Option 1 would then flat-line those targets out to 2020 thereby maintaining the same level of recycling from 2017-2020.

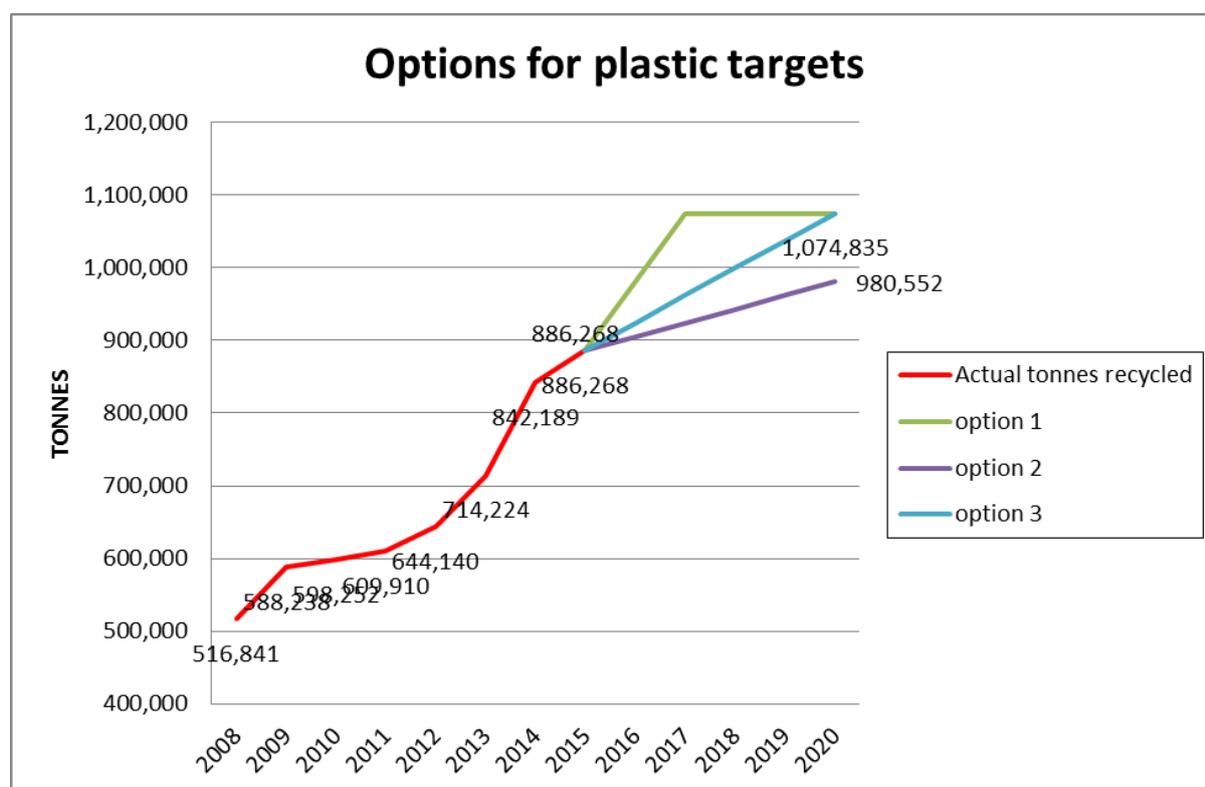
Option P2 – Reduce the 2016 plastic business target to 48% and then increase by 1% each year to 2020

This option is an absolute reduction against the existing targets. There would be reduction in business targets from 52% to 48% in 2016, reducing the anticipated recycling rate from around 44% to 40%. This would be followed by an annual increase of 1% per annum to 2020, thereby achieving a business target of 52% in 2020, which would deliver a recycling rate of around 44%. This is line with the intention of the current targets, which were intended to deliver a recycling rate of

around 42% by 2017, and would mean a reduction in compliance costs for producers compared to Options P1 and P3.

Option P3 – Reduce the 2016 plastic business target to 49% and then increase by 2% each year to 2020

Option 3 would reduce the business targets for 2016-17 to 49% and 51% respectively, followed by a 2% per annum increase to 2020. This would mean a business target of 57% in 2020, which would deliver a recycling rate of 48%. This would achieve the same level of recycling as option 1 but over a slightly longer timeframe. This would give business more time to invest in the necessary infrastructure to deliver the required increase in actual plastic collected and recycled but would still mean increased costs for producers in terms of compliance costs.



Options for Glass Targets for 2018-20

The Packaging Directive requires that Member States continue to meet the minimum targets and as the Circular Economy Package, which is likely to include new targets, has been delayed we intend to set targets for glass for 2018-20. We are only proposing new targets for glass at this time, and not the other packaging materials (steel, aluminium, paper and wood), due to the publication and acceptance of the GlassFlow report. We are currently undertaking work to review the data underpinning the targets for the other materials and it is the Government’s intention to consult on post-2017 targets for these materials in due course.

We are consulting on two options for glass packaging targets:

Option G1 - Do not amend glass business target for 2016 and 2017 and then keep at 77% to 2020

This option will simply extend the existing targets to 2020. This would mean a recycling rate of around 65% is maintained by 2020. However, it should be noted that whilst this option would mean less material being recycled than in option 5 and there is no economic or environmental benefit from recycling more glass than the current targets deliver. This is reflected in the negative NPV for all glass options.

Option G2 – Do not amend glass targets for 2016 and 2017 and then increase by 1% to 2020

This option will maintain the current targets until 2017 and then will introduce a 1% per annum increase until 2020. This will mean a business target of 80% in 2020, which will deliver a recycling rate of around 69%.

There is no intention to change the current remelt/non-remelt split. The Government believes that the current split (66/34 rising to 67/33 in 2016-17) is appropriate in the market conditions. However, we would welcome any views on this issue.

Summary:

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

Summary of options

Summary of options	Option 1	Option 2	Option 3	Option 4	Option 5
NPV £m	-79.8	-30.5	-54.6	-15.5	-17.8
Net cost to business p.a.£m	-0.8	-0.3	-0.6	-0.06	-0.07

Summary of options		Proposed business target(%)	Recycling rate achieved (%)	Change in recycling against baseline (t)	Change in PRN impacts £m
Option P1	2018	57	48	318,354	7
	2019	57	48	318,354	7
	2020	57	48	318,354	7
Option P2	2018	50	42	185,833	4
	2019	51	43	204,764	5
	2020	52	44	223,696	5
Option P3	2018	53	44	242,627	5
	2019	55	46	280,491	6
	2020	57	48	318,354	7
Option G1	2018	77	66	263,916	4
	2019	77	66	263,916	4
	2020	77	66	263,916	4
Option G2	2018	78	67	284,322	4
	2019	79	68	304,729	5
	2020	80	69	325,135	5

The balance of benefits and costs (the “NPV”) is negative for all options, reflecting the relatively high cost and low value of recycling some types of plastic and glass at the current time. In the absence of new targets, recycling rates are expected to drop as the harder-to-collect and lower value sources of recyclable plastic and glass are no longer sought by the market. Targets above this profitable level can be justified on two counts: firstly, there are wider benefits to society from recycling, for instance because recycling uses less carbon than virgin production; secondly, if and when the EU sets out new targets for recycling packaging post-2020, it is not likely to be cost-effective to reduce recycling now and ramp-up again later. This latter consideration is not part of the calculation of the benefits of new targets.

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

The Government's preferred option is Option 3. However we welcome views from respondents on which option is 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. . In your view, are the estimates made in PlasticFlow for waste arisings the best available data?

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

Q1b. Do you agree with the no growth assessment?

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?