

## Summary: Intervention & Options

<b>Department /Agency:</b> Defra	<b>Title:</b> Impact Assessment of proposed technical changes to the Producer Responsibility Obligations (Packaging Waste) Regulations 2007	
<b>Stage:</b> Draft	<b>Version:</b> Final	<b>Date:</b> March 2010
<b>Related Publications:</b> Producer Responsibility Obligations (Packaging Waste) Regulations 2007; Directive 2004/12/EC (amending Directive 94/62/EC on packaging and packaging waste).		

Available to view or download at: <http://defra.gsi.gov.uk>

**Contact for enquiries:** Rob Rawlings

**Telephone:** 020 7238 5878

### What is the problem under consideration? Why is government intervention necessary?

A total of 23 technical changes to the Producer Responsibility (Packaging Waste) Regulations 2007 are under consideration. The current Regulations have not kept up to date with changes in legislation, interpretation and best practice; and in some instances, there are errors. It requires legislative changes to address these.

### What are the policy objectives and the intended effects?

These technical changes aim to reduce the administrative burden on both producers and the Environment Agencies by correcting errors, clarifying the Packaging Regulations where they are considered to be unclear, removing material that is no longer needed and ensuring that the Regulations are consistent in their treatment of both individual registrants and compliance schemes.

### What policy options have been considered? Please justify any preferred option.

There are only two options, either to correct and update the Regulations or to do nothing. The preferred option is to amend the Regulations to provide greater clarity, consistency and ensure that they are proportionate.

### When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

This consultation is part of an ongoing process to ensure that the Regulations are up-to-date, as such there is no proposal for a formal review of the amendments.

### **Ministerial Sign-off** For consultation stage Impact Assessments:

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.***

Signed by the responsible Minister:

.....Date:

## Summary: Analysis & Evidence

**Policy Option:**  
Amendment to the Regulations

**Description:** Amend the regulations to ensure they are clear, proportionate, consistent and minimise costs of compliance

ANNUAL COSTS		Description and scale of <b>key monetised costs</b> by 'main affected groups' Changes to Part C application charges - £26,295pa
<b>One-off</b> (Transition)	<b>Yrs</b>	
£ 0		
<b>Average Annual Cost</b> (excluding one-off)		<b>Total Cost (PV)</b> £ 0.25m
£ 82,407	3	
Other <b>key non-monetised costs</b> by 'main affected groups'		
ANNUAL BENEFITS		Description and scale of <b>key monetised benefits</b> by 'main affected groups' Removal of independent audit reports for large reproprocessors and exporters - £213,000 and £710,000pa Obligating packaging sent to offshore oil platforms - £107,548
<b>One-off</b>	<b>Yrs</b>	
£ 0		
<b>Average Annual Benefit</b> (excluding one-off)		<b>Total Benefit (PV)</b> £ 1.74m – 5.39m
£ 378,100 – 875,100	3	
Other <b>key non-monetised benefits</b> by 'main affected groups'		

Key Assumptions/Sensitivities/Risks

Price Base Year	Time Period Years 3	<b>Net Benefit Range</b> (NPV) £ 1.49m - £5.14m	<b>NET BENEFIT</b> (NPV Best estimate) £ 1.49m - £5.14m		
What is the geographic coverage of the policy/option?			UK		
On what date will the policy be implemented?			January 2011		
Which organisation(s) will enforce the policy?			Environment Agencies		
What is the total annual cost of enforcement for these organisations?			£ No Change		
Does enforcement comply with Hampton principles?			YES		
Will implementation go beyond minimum EU requirements?			YES		
What is the value of the proposed offsetting measure per year?			£0		
What is the value of changes in greenhouse gas emissions?			£0		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		no	no	N/A	N/A

**Impact on Admin Burdens Baseline** (2005 Prices)

(Increase - Decrease)

Increase £ 0      Decrease £ 0      **Net**      £ 0

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

## Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

### 1. Introduction

- 1.1 This Impact Assessment (IA) applies to proposed changes to the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (henceforth “the Packaging Regulations”).
- 1.2 The Packaging Regulations require businesses which handle more than 50 tonnes of packaging and have an annual turnover in excess of £2 million to carry out recovery and recycling of packaging waste, to enable the UK to meet its legally binding targets under the EC Directives on Packaging and Packaging Waste 94/62/EC and 2004/12/EC.
- 1.3 This IA accompanies a Government consultation document on ‘Implementing the Packaging Strategy: recovery and recycling targets, funding transparency and other technical changes’. The consultation covers new recovery and recycling targets for 2011-2020; new reporting provisions for accredited exporters and reproprocessors, to promote transparency in how producer funding is spent; and technical changes to improve the clarity and operation of the Regulations
- 1.4 This IA deals with the proposed technical changes to improve the functioning of the Regulations.
- 1.5 ***The Government welcomes responses from as wide an audience as possible on the issues outlined in the consultation paper and this IA.***

### 2. Policy objectives

- 2.1 These technical changes aim to reduce the administrative burden on both producers and the Environment Agencies by correcting errors, clarifying the Packaging Regulations where they are considered to be unclear, removing material that is no longer needed and ensuring that the Regulations are consistent in their treatment of both individual registrants and compliance schemes.

#### **Who will be effected by the proposed changes?**

##### **Packaging producers**

- 2.2 The Packaging Regulations define obligated producers as any business which handles more than 50 tonnes of packaging per annum, has a turnover of more than £2 million per annum, and is involved in one or more of the following activities:
  - manufacturing raw materials for packaging (including reprocessing scrap metals);
  - converting raw materials into packaging;
  - filling packaging (i.e. putting goods or products into packaging);
  - selling packaged goods to the final user (which can be other businesses or the public).
- 2.3 There are currently 6,740 registered packaging producers in the UK. Table 1 of the impact assessment details proposals which will impact on all producers.

##### **Compliance schemes**

- 2.4 The Regulations provide that producers may meet their obligations individually or, they may choose to join a compliance scheme that will meet the producer responsibility obligations on the producer's behalf. There are currently 41 packaging compliance schemes operating in the UK
- 2.5 Table 2 of the impact assessment details proposals which will impact on compliance schemes and their members

### **Reprocessors/Exporters**

- 2.6 Regulation 2(1) provides a definition of a reprocessor. This is a business that "in the ordinary course of conduct of a trade, occupation or profession, carries out the activities of recovery or recycling".
- 2.7 Regulation (2)1 defines an exporter as a "person who, in the ordinary course of conduct of a trade, occupation, or profession, owns and exports packaging waste for reprocessing outside the United Kingdom".
- 2.8 Only reprocessors and exporters who have been accredited can issue PRNs and PERNs respectively for tonnages of packaging waste delivered for reprocessing, provided it is waste that arose in the UK waste stream. There are a total of 413 accredited reprocessors and exporters operating in the UK.
- 2.9 Table 3 of the impact assessment details proposals which will impact on reprocessors and exporters.

### **Regulators**

- 2.10 The Environment Agencies (The Environment Agency, The Scottish Environment Protection Agency (SEPA) and the Northern Ireland Environment Agency NIEA) enforce these regulations. Their role includes ensuring that all companies who meet the two threshold criteria discussed above are registered and that all registered organisations are able to and do satisfy their obligations. The Environment Agencies also regulate and accredit reprocessors and exporters of packaging waste who apply to issue PRNs and PERNs. A number of the proposed changes impact on the Regulators only, as is shown clearly in the tables below.

### **Minor changes**

- 2.11 Table 4 of the Impact Assessment details a number of minor updates and corrections which will have no impact on the working of the Regulations.

**Table 1. Amendments which will impact on all producers**

Title and Issue	Proposal	Cost of making the amendment	Benefit of making the amendment
<p><b>1. Packerfiller and Conversion-at the same time.</b> It is unclear whether a company which carries out a final process e.g. Blowing pre-form bottles attracts a convertor obligation.</p>	<p>To remove the wording at the “same time” from Paragraph 1(2) of Schedule 1 of the Regulations. This will give the relevant agencies greater discretion on what they define as a packer filler carrying out a final convertor operation and filling the packaging <i>as part of the same process</i>.</p>	<p>The proposed change is likely to be cost neutral, but will affect a few companies who are currently interpreting the Regulations differently to the policy intention.</p> <p>Some companies may pick up higher costs than under the present system, but there will be other groups who will have lower costs.</p>	<p>The proposed amendment will allow the relevant agency to clarify, in guidance, who is responsible for the convertor obligations in cases where the final converting process takes place at the packer/filler stage</p>
<p><b>9. Accreditation</b> Schemes, reproprocessors and exporters are not required to inform the relevant agency when they are going into liquidation/receivership. This creates a risk that accredited companies experiencing financial difficulties could issue evidence for packaging which, by virtue of the fact that the company ceases to operate (due to financial circumstances), does not go on to be reprocessed.</p>	<p>To insert a new regulation that will require registered producers, schemes, exporters and reproprocessors to inform the relevant agency when they are going into liquidation/receivership. The proposed amendment will enable the relevant agencies to monitor the compliance of an accredited company, experiencing financial difficulties, more closely. This will reduce the risk of accredited reproprocessors and exporters issuing evidence for packaging which, by virtue of the fact that the company ceases to operate (due to financial circumstances), does not go on to be reprocessed.</p>	<p>The proposed amendment will put a small cost on those companies going into liquidation to inform the relevant agency of their situation. Although hard to forecast, this would only have affected 6 reproprocessors and exporters in 2008 and 4 in 2009.</p>	<p>The proposed amendment will enable the relevant agencies to monitor the compliance of an accredited company, experiencing financial difficulties, more closely. This will reduce the risk of accredited reproprocessors and exporters issuing evidence for packaging which, by virtue of the fact that the company ceases to operate (due to financial circumstances), does not go on to be reprocessed.</p>

			The amendment will also provide a saving to the relevant agencies in reducing the time taken to carry out their administrative duties, expected to be around £16.56 per company.
<p><b>5. Small Producers access to allocation method</b></p> <p>Regulation 2 (2) defines a small producer as a producer who satisfies the threshold tests in schedule 1 paragraph 3 but whose turnover is £5,000,000 or less.</p> <p>Schedule 1 para 3 reads “satisfies threshold if turnover....was more than £2,000,000.”</p> <p>This means small companies who are a subsidiary of a larger company can only follow the allocation method if their turnover is between £2 - £5m but not below £2m</p>	To amend the definition of a small producer so that subsidiary companies with a turnover below £2,000,000 can follow the allocation method to satisfy their obligation. This will reduce the administrative burden on small businesses.	There are no costs associated with the proposed amendment	The proposed change will reduce the administrative burden placed on small producers who are part of a subsidiary company as they will not have to keep data relating to the packaging they handle. The proposed amendment is expected to affect in excess of 257 companies.
<p><b>7. Small producers SIC information</b></p> <p>Small producers who are a member of a compliance scheme currently have to provide SIC information whereas individual registrants do not.</p>	To require all small producers to provide SIC information, irrespective of the method of registration. This will ensure equitable treatment of producers and assist the relevant agencies in enforcing the Regulations in an efficient way.	<p>The proposed amendment will put a small cost on individual registrants to provide the relevant agency with the SIC information</p> <p><b>If you are a small producer affected by the proposed change we would be grateful</b></p>	The proposed amendment will provide a saving to the relevant agency by allowing them to target their enforcement activities more effectively.

		<b>for any information on how much you think this could cost you.</b>	
<p><b>19. Payment deadline issues</b> Regulation 7(4) (e) states that applications should be accompanied by the relevant fee. All applications are now sent via NPWD. As such the wording in the Regulations is mis-leading in the sense that the application fee cannot physically accompany the application.</p>	<p>To amend regulation 7(4) (e) to make it clear that the application fee must be received by a specific deadline date. This will reduce the likelihood of applicants missing the deadline and so reduce the administrative burden on both applicants and the relevant agency in pursuing a disputed payment.</p>	<p>There are no costs associated with the proposed amendment.</p>	<p>This will reduce the administrative burden on producers and the relevant agencies by providing a clear deadline for payment of the registration fee. This clear deadline will reduce the likelihood of legal opinion being required in the case of a dispute, though this is rare – occurring only 6 times in 2008 at a cost of around £2,880.</p>
<p><b>16. Deadline for obligation data</b> The relevant Agency is required to provide Defra with data on the size of the UK obligation by the 31<sup>st</sup> January</p> <p>The data can never be ready for this date. This is because the deadline for submission of certificates and schedules of compliance from producers and schemes, which contain the necessary data to compile this information is also due by this date of 31<sup>st</sup> January.</p>	<p>To change the 31<sup>st</sup> January deadline to the 28<sup>th</sup> February. This will provide the relevant agencies with an achievable deadline.</p>	<p>This is an administrative change in the operations of the relevant agencies and Defra and will have no impact on producers or costs.</p>	<p>This is an administrative change in the operations of the relevant agencies and Defra and will have no impact on producers or on benefits.</p>
<p><b>2. Off shore issue</b> - To clarify that packaging which becomes waste on marine structures is counted as part of the obligation of the company who send it to the structures</p>	<p>The current definition of “packaging waste” - specifically excludes packaging that becomes waste outside the United Kingdom. This has created some confusion with regard to marine structures e.g. oil and gas rigs and whether packaging which is transported to these structures is classed as exported and so does not attract an obligation.</p>	<p>There over 300 oil and gas platforms in operation on the UK continental shelf. These generate an estimated 15,585 tonnes of general waste and</p>	<p>This material is brought back into the UK for disposal and so should attract an obligation. The costs of recovery and recycling are currently being borne by</p>

	This material should attract an obligation as it is brought back into the UK for disposal.	segregated recyclables, a proportion of which will be packaging waste. This proportion will form part of the producers obligation and so will increase their costs. Assuming that 5% of this waste constitutes packaging and assuming a sorting cost of around £24 per tonne, the additional costs will be £56,112	other parts of the packaging chain. The change in the Regulation will be in accordance with the 'polluter pays' principle and promote economic efficiency whereby the producer imposing costs on society must pay to reduce those economic costs.  In addition, there will be the recovery of the value of the material and savings in the costs of disposal of waste to landfill of around £70 per tonne, i.e. £163,660 in total.
<b>20. Public Register Updates</b> Regulation 33 Public Register, para 4 currently requires the relevant agency to note the date on which any amendment to the information in the Public Register is made. This is quite onerous on the agencies since it requires that even the change of an exporter's address needs to show the date it was changed	To remove the requirement on the relevant Agency to include the date of every amendment to the public register. This will reduce the administrative burden on the relevant agencies.	N/A	The proposed change will reduce administration and is expected to deliver a small cost saving.

**Table 2. Changes which will impact on compliance schemes and their members**

<b>Title and Issue</b>	<b>Proposal</b>	<b>Cost of making the amendment</b>	<b>Benefit of making the amendment</b>
<b>21. Scheme Registrants</b> Compliance schemes must apply	To remove the 7 <sup>th</sup> April deadline in Regulation 14 "Application for registration of a scheme" para (1). This is the deadline by which	There are no costs associated with the	The proposed amendment will reduce

<p>for registration by the 7<sup>th</sup> April and are encouraged to enclose the necessary information for registration including number of members, statement of turnover etc by the 7<sup>th</sup> April. However if the information does not accompany the application then it can be submitted by the 15<sup>th</sup> April. This often creates double handling by the relevant agency of the same information.</p>	<p>compliance schemes must provide initial information. Instead there will be a single date of the 15<sup>th</sup> April for schemes to submit all information for registration.</p>	<p>proposed amendment</p>	<p>‘double handling’ of the same application by the relevant agencies as they will only need to scrutinise the application once, leading to reduced application processing time and saving them money.</p>
<p><b>6. Class of Producer</b> Compliance schemes are not currently required to notify the relevant agency of what class of producer (packer filler, converter etc) they have in their membership whereas individual registrants must inform the relevant agency of what class of producer they are.</p>	<p>To amend the Regulations to require compliance schemes to notify the Environment Agencies of what class of producers they have within their membership. This will ensure equitable treatment of producers and assist the relevant agencies in enforcing the Regulations in an efficient way.</p>	<p>The proposed amendment will put a small cost on compliance schemes, and hence their members, to provide the information required.</p> <p><b>If you are a compliance scheme or a member of a compliance scheme affected by the proposed change we would be grateful for any information on how much you think this could cost you.</b></p>	<p>The proposed amendment will provide a saving to the relevant agencies in carrying out their enforcement activities.</p>
<p><b>8. Approved Persons</b> Compliance schemes are not required to ensure submissions, SoCs, applications for registration and data resubmissions are signed by an approved person whereas individual registrants SoCs and application forms must be signed by an approved person.</p>	<p>To amend the provisions on approved persons to require data submitted by compliance schemes to be submitted by approved persons. This will ensure equitable treatment of producers and assist the relevant agencies in enforcing the Regulations in an efficient way.</p>	<p>The proposed amendment put a small cost on compliance schemes, and hence their members, to ensure that all submissions are signed by an approved person</p>	<p>The proposed amendment will provide a saving to the relevant agencies in carrying out their enforcement activities.</p>
<p><b>10. Scheme Approval</b></p>	<p>To specify that a scheme that obtains approval in a year but</p>	<p>The proposed change</p>	<p>The change will clarify</p>

<p>The Regulations do not currently specify an expiry date for letters of approval from Defra. If a scheme chooses not to register in the year in which it is approved or up until 7th April the year following such approval, the information provided at the time of application becomes outdated, and so it is difficult to have confidence that the scheme will meet its obligations</p>	<p>chooses not to register in that year will need to re-apply for approval. Any break in registration will also require re-approval. This change will help to strengthen confidence that all compliance schemes will meet their obligations.</p>	<p>will impose no new burden on new compliance schemes who apply for registration in the year in which they receive approval, as this is the current situation.</p>	<p>the Regulations and provide assurance for the relevant agencies when registering schemes.</p>
<p><b>17. Evidence of Approval</b> Compliance schemes have to provide evidence of approval from the appropriate authority on an annual basis</p>	<p>To remove the requirement that compliance schemes must provide evidence of approval from the appropriate authority on an annual basis. Instead compliance schemes will be required to provide evidence of approval if they are a new applicant or if there has been a break in annual registration. This will reduce the administrative burden on compliance schemes</p>	<p>There are no costs associated with the proposed amendment</p>	<p>This is an administrative change that will provide a small reduction in the administrative burden placed on compliance schemes.</p>
<p><b>22. Operational Plans</b> Action to be taken for non-receipt of a revised operational plan is different for Direct Registrants compared to Schemes. For compliance schemes, if an operational plan has not been received, the relevant agency is required to register the scheme, then cancel their registration for not complying with the conditions of registration under Regulation 15(g).</p>	<p>To change the Regulations so that the same procedure is followed for direct registrants as for compliance schemes. This will mean that where a compliance schemes fails to submit an operational plan or revised operational plan their registration can be refused. This will ensure equitable treatment of producers and assist the relevant agencies in enforcing the Regulations in an efficient way</p>	<p>This is an administrative change in the operations of the relevant agencies which will reduce their administrative burden by a small amount. It will have no impact on producers.</p>	<p>This is an administrative change in the operations of the relevant agencies which will reduce their administrative burden by a small amount. It will have no impact on producers.</p>
<p><b>23. Definition of scheme member</b> There is currently no clarity as to when a producer is classified as a member of a compliance scheme. In some cases, producers have failed to provide data/fee but have</p>	<p>To clarify in the Regulations that a producer is a scheme member once it has provided:</p> <ul style="list-style-type: none"> <li>• Corporate information</li> <li>• Packaging data</li> <li>• Fee</li> </ul>	<p>This should have no cost impact on producers or compliance schemes.</p>	<p>The proposed change should provide clarity regarding the legal status of both producers and schemes,</p>

claimed to be a scheme member which causes the agency problems with prosecution.			
--	--	--	--

**Table 3. Changes that will impact on reprocessors and exporters**

Title and Issue	Proposal	Cost of making the amendment	Benefit of making the amendment
<p><b>4. Part Cs</b> Exporters of packaging waste who wish to export to reprocessors, other than those identified in their initial application, must submit a Part C form to the relevant agency with details of the new reprocessor.</p> <p>Currently exporters can submit an unlimited number of Part C's as part of the same application and pay a single fee of £110.</p> <p>The £110 fee does not cover the relevant agencies costs of processing multiple Part C's submitted as part of the same application.</p> <p>The Part C form includes essential information on the destination reprocessor. The relevant Agency must process these forms checking the data provided and confirming all relevant details</p>	<p>To amend the Regulations so that applicants must pay a fee of £85 for each application which covers administration and assessment of one Part C form, then £35 for each additional Part C form submitted as part of that application. This fee structure will more closely reflect the man-hours expended by the relevant agencies in the processing of these applications</p> <p>In 2009 a total of 3,255 Part C's were submitted.</p> <p>Of this a total of 1,089 were additional Part C's submitted as part of 197 applications during the year. This amounts to a <b>£21,670</b> (197 batches x £110)</p> <p>The new system proposes that for the first additional part C (the single form) will be charged at £85, with all additional forms in the batch charged at £35.</p> <p>This would mean in 2009, the costs would be 197 x £85= <b>£16,745</b> plus 892 (additional forms 1089 – 197) x £35 = <b>£31,220</b>.</p> <p>Total cost of £16,745 + £31,220 = £47, 965</p> <p>Therefore, the additional costs to business of this change would be <b>£26,295</b> (£47,965 – £21,670).</p> <p>However, these fees need to set against the revenue derived from export of packaging waste materials to the accredited sites. In 2008, around 2.6m tonnes of material was exported generating around £28m in PERN revenue.</p>	<p>The proposed amendment will cost UK exporters accredited under the Regulations an estimated <b>£26,295</b></p>	<p>The cost of processing these forms is currently being born by the relevant agencies</p>
<p><b>3. Independent Audit Reports</b> The requirement on accredited reprocessors and exporters, who</p>	<p>To remove this requirement from the Regulations</p>	<p>There are no costs associated with the proposed amendment</p>	<p>A total of 143 reprocessors and exporters were required</p>

<p>issue evidence for in excess of 400t of reprocessing, to provide an independent audit report is an unnecessary administrative burden.</p>			<p>to provide independent audit reports in the 2008 compliance year. It is estimated that these reports cost between £1500 and £5000 each to prepare. As such the proposed change will save UK businesses between £213,000 and £710,000 per year.</p>
<p><b>11. Reprocessor/ Exporter Change of Status</b> Regulation 24(6) specifies that a reprocessor or exporter who exceed their undertaking to issue 400 tonnes or less of PRNs or PERNS in a compliance year is liable from the date of that breach to pay the relevant Agency an additional fee. However the Regulations do not specify a deadline by which this payment must be made to the relevant Agency.</p>	<p>To introduce a 28 day deadline from the breach for when a reprocessor or exporter who has breached the undertaking in relation to the tonnage of evidence that they intend to issue has to pay the relevant Agency the additional fee by</p>	<p>There are no costs associated with the proposed amendment</p>	<p>The proposed amendment will benefit both reprocessors/exporters and the relevant agencies by providing a clear deadline for payment of the fee.</p>
<p><b>18. Reprocessor Exporter Returns</b> In Schedule 5 Conditions of Accreditation (g) the date specified for the submission of surplus PRNs is the 15 February, whilst quarter returns and end of year reports are due on the 28<sup>th</sup> February.</p>	<p>To change the date for submission of surplus PRNs to the 28<sup>th</sup> Feb. This will mean that quarter returns, submission of surplus PRNs and end of year reports are all due on the same date.</p>	<p>There are no costs associated with the proposed amendment</p>	<p>The proposed amendment will benefit reprocessors, exporters and the relevant agencies by providing a clear, single deadline in February for the submission of all data.</p>

**Table 4. Updates and Corrections – (There are no costs associated with any of the below proposals)**

Title and Issue	Proposal
<p><b>12. The Companies Act</b> - The Companies Act 1985 and 1989 have been superseded by the Companies Act 2006</p>	<p>To change all references to the Companies Act to refer to the Companies Act 2006</p>
<p><b>13. Definition of SIC-</b> The definition of SIC code in Regulation 2(2) is now out date</p>	<p>To amend the definition of SIC code to reflect the definition in the UK Standard Industrial Classification of Economic Activities published Jan 1<sup>st</sup> 2008</p>
<p><b>14. Scheme Monitoring Plans</b> There is an incorrect reference in paragraph 12 h of schedule 3 to obligations in regulation15(f)</p>	<p>To replace reference to regulation 15(f) in paragraph 12(h) of schedule 3 with a reference to regulation 12(1)</p>
<p><b>15. PRN/PERN books</b> - There are still references to and activities associated with PRN/PERN books in the Regulations. These are no longer relevant as all evidence is now issued electronically.</p>	<p>To remove all references and activities associated with PRN/PERN books as all PRNs and PERNs are issued electronically through the National Packaging Waste Database (NPWD)</p>

### **3. Equity and Fairness**

3.1 The proposed changes have no undue effect on rural areas, racial groups, income groups, gender groups, age groups, people with disabilities, or people with particular religious views.

### **4. Consultation with small businesses: the small firms impact test**

4.1 Businesses that do not simultaneously satisfy the two threshold tests in the Regulations (i.e. an annual turnover in excess of £2m and handle more than 50t of packaging) are excluded from the producer responsibility obligations in the Regulations. The proposed changes do not affect small businesses below these thresholds.

### **5. Competition assessment**

5.1 The proposed changes will affect approximately 6,500 businesses in the UK. The Government does not expect the proposals to affect the current market structure or change the number or size of firms. New businesses will not face higher charges than existing companies and the proposals should not restrict businesses choice of products. The Government is not aware of the industry being characterised by technological change that would radically alter the state of the market.

5.2 The Government have examined competition in the recycling market, material specific market (e.g. glass and plastic) and the end user market (e.g. the market for bottles). In general, the Government has been unable to identify markets where there are serious competition concerns. Competition in the recycling market is unlikely to be adversely affected as a result of adopting any of the proposed options and related targets. Indeed, the setting of future targets for recycling of particular materials may well increase demand for recycling and this could lead to new entry in the market and increase competition in recycling services.

5.3 It is anticipated that the increased cost of this regulation will be small in relation to a manufacturers total costs. Therefore, the Government does not believe that competition will be significantly affected in either this or other sectors with potentially high or differing recycling rates e.g. the aluminium and steel markets.

### **6. Enforcement and Sanctions**

6.1 The Packaging Regulations are enforced by the Environment Agency in England and Wales, by the Scottish Environmental Protection Agency in Scotland and by the Northern Ireland Environment Agency.

6.2 The proposed changes to the targets and this Impact Assessment do not include proposals for additional sanctions.

### **7. Monitoring and Review**

- 7.1 The UK packaging system is monitored continually by Government, the Agencies, the Advisory Committee on Packaging and industry generally.
- 7.2 The Advisory Committee on Packaging, which represents the packaging industry, also monitors the effectiveness of the Packaging Regulations and advises Government as and when changes are needed. The Government expects the Committee to continue to provide input in the future.
- 7.3 Accredited reproprocessors and exporters are required to provide quarterly returns to the Agencies, which include data on the amount of reprocessing that has taken place that quarter. This enables the Government to track progress throughout the year against packaging targets. This data is also published on the Environment Agency website so that industry too can monitor the UK's performance.
- 7.4 Each year, the Department produces a Data Note which shows current and historical packaging data including for instance the amount of reprocessing that has taken place each year and the corresponding information on PRN and PERN revenue.
- 7.5 Furthermore, the UK is required to provide the European Commission with data, 18 months after the end of each year obligation year.

## **8. Consultation**

### *Within Government*

- 8.1 The Department for Business, Innovation and Skills (BIS), Treasury, Cabinet Office, Scottish Government, Welsh Assembly Government, Department of Environment Northern Ireland, Environment Agency, Northern Ireland Environment Agency (NIEA), Scottish Environmental Protection Agency (SEPA).

### *Public Consultation*

- 8.2 This Impact Assessment accompanies a Government consultation document and presents overall costs and benefits of the proposals. The Government welcomes responses from as wide an audience as possible with respect to the issues outlined in the consultation paper. As part of this process the Government invited responses from all interested parties including individually registered producers, packaging compliance schemes, reproprocessors, exporters, trade associations, brokers and material organisations. The Government consulted for a period of eight weeks and this IA has been finalised in light of the comments received from stakeholders.
- 8.3 Informal consultation with the ACP, key materials organisation and trade bodies, other government departments and regulators took place in developing a number of the proposals contained within this Impact Assessment and consultation document.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes/No	Yes/No
Small Firms Impact Test	Yes/No	Yes/No
Legal Aid	Yes/No	Yes/No
Sustainable Development	Yes/No	Yes/No
Carbon Assessment	Yes/No	Yes/No
Other Environment	Yes/No	Yes/No
Health Impact Assessment	Yes/No	Yes/No
Race Equality	Yes/No	Yes/No
Disability Equality	Yes/No	Yes/No
Gender Equality	Yes/No	Yes/No
Human Rights	Yes/No	Yes/No
Rural Proofing	Yes/No	Yes/No