

# Implementing the Packaging Strategy: recovery and recycling targets, funding transparency and technical changes

A consultation on proposed changes to the Producer  
Responsibility Obligations (Packaging Waste) Regulations  
2007 (as amended)



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## Abbreviations

ACP	Advisory Committee on Packaging
BIS	Department for Business, Innovation and Skills
C&I	Commercial and Industrial
EC	European Communities
EfW	Energy from waste i.e. incineration of waste with the recovery of energy
MBT	Mechanical/Biological Treatment
NPWD	National Packaging Waste Database
PERN	Packaging waste Export Recovery Note
PRN	Packaging waste Recovery Note
SME	Small and or medium-sized enterprise

# Introduction

1. This consultation seeks your views on proposals by the Department of Environment, Food and Rural Affairs, the Scottish Government and the Welsh Assembly Government, on **a number of changes to producer responsibility regime for packaging waste**, set out in the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended). These Regulations are referred to as “the Packaging Regulations” in the rest of this document. Northern Ireland is subject to separate regulations, namely The Producer Responsibility Obligations (Packaging Waste) Regulations (Northern Ireland) 2007. Any changes to the producer responsibility regime for packaging waste will require equivalent amendments to these Regulations. References to “the Packaging Regulations” may also be taken as applying to the Northern Ireland Regulations.

2. Our proposals are designed to implement some of the objectives of the UK-wide Packaging Strategy, *Making the most of Packaging*, published on 9 June 2009.<sup>1</sup> They can be summarised as –

- **new recovery and recycling targets for packaging waste for 2011-20 (Chapter 1);**
- **strengthened reporting provisions for accredited exporters and reprocessor, to promote transparency in how producer funding is spent (Chapter 2);**
- **technical changes to improve the clarity and operation of the Regulations (Chapter 3).**

3. The costs and benefits of the proposals are described in the Impact Assessments (IA) that accompany this consultation paper.

4. 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.

5. 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. In line with the Cabinet Office Code of Practice on Consultation, stakeholders have 12 weeks to review the proposals and submit comments.

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<sup>1</sup> <http://www.defra.gov.uk/environment/waste/producer/packaging/strategy.htm>

**Comments should be submitted by 27 May 2010 at the latest.**

**Responding to this consultation**

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

Robert Rawlings  
Producer Responsibility Unit  
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Area 6D Ergon House  
Horseferry Road  
London SW1P 2AL

Or you can send your comments electronically to [packaging@defra.gsi.gov.uk](mailto:packaging@defra.gsi.gov.uk)

**Respondents in Scotland should also send their response to:**

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Scottish Government  
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EH6 6QQ

Email: [chris.graham@scotland.gsi.gov.uk](mailto:chris.graham@scotland.gsi.gov.uk)

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## **Publication of responses**

7. In line with Defra's policy of openness, at the end of the consultation period, copies of the responses received will be made publicly available through the Defra Information Resource Centre for six months. The information contained in the responses may also be published in a summary of responses.

8. If you do not consent to this, you must clearly state that you wish your response to be treated confidentially. Any confidentiality disclaimer generated by your IT system in email responses will not be treated as such a request. You should also be aware that there may be circumstances in which Defra/WAG will be required to communicate information to third parties on request, in order to comply with their obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

9. The Defra Information Resource Centre will supply copies of consultation responses to personal callers or in response to phone or email requests. An administrative charge will be made to cover photocopying and postage costs. Wherever possible, personal callers should give the Centre at least 24 hours' notice of their requirements. Please contact the Defra Information Resource Centre, Lower Ground Floor, Ergon House, Horseferry Road, London SW1P 2AL, tel. 020 7238 6575, email [defra.library@defra.gsi.gov.uk](mailto:defra.library@defra.gsi.gov.uk) .

# Chapter 1 – Recycling and recovery targets 2011-2020

## 1 A quick overview of producer responsibility for packaging

1.1 The EC Directive on Packaging and Packaging Waste (94/62/EC, as amended – hereafter referred to as ‘the Packaging Directive’) aims to harmonise the management of packaging waste by minimising 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.

1.2 The Directive as amended<sup>2</sup> sets minimum recovery targets (60%) and recycling targets (55%) for packaging waste, to be met by 31 December 2008, as well as material-specific recycling targets. These are 60% for glass, 60% for paper and board, 50% for metals, 22.5% for plastics, and 15% for wood.

1.3 After 2008, Member States must continue to meet these minimum targets, but they have the freedom to set higher targets if they so choose.

1.4 The Producer Responsibility Obligations (Packaging Waste) Regulations (the Packaging Regulations<sup>3</sup>) 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 targets listed above, based on their role in the supply chain and the amount of material handled in the preceding year. An illustration of how materials and producer funding flow for the household waste stream can be found in Section 1 of Chapter 2.

1.5 The Packaging Regulations transpose the Packaging Directive targets into a set of UK ‘*business targets*’ which reflect the UK packaging market and waste arisings. These targets currently run until 2010. **We therefore need targets for 2011 onwards, to ensure that the UK continues to achieve the Directive’s recovery and recycling targets, and to encourage greater resource efficiency and reduction in greenhouse gas emissions.**

## 2 The Packaging Strategy

### The way forward for packaging recycling

2.1 In June 2009, Defra, BIS and the Devolved Administrations published *Making the Most of Packaging: a Strategy for a Low Carbon Economy*. The key aim of the Strategy is to minimise the environmental impact of packaging over its whole life cycle, without compromising its ability to protect the product<sup>4</sup>. This can be achieved through optimising packaging, and through maximising the recycling of packaging

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<sup>2</sup> Directive 2004/12/EC

<sup>3</sup> The Producer Responsibility Obligations (Packaging Waste) Regulations (Northern Ireland) 2007

<sup>4</sup> See Chapter 3 of the Packaging Strategy for further details

waste. On the latter, the Strategy sets out the UK's ambition to **work towards the recycling rates achieved by the best EU performers**. As the following table shows, in 2008 the UK met, and in some cases exceeded, the targets set by the Packaging Directive.<sup>5</sup>

**Table 1: UK packaging recycling and recovery achievement, 2008**

	<b>Total Waste</b>	<b>2008 Summary</b>	<b>Directive Target</b>	<b>Achievement</b>
Paper	3,839,000	3,062,946	<b>60%</b>	79.8%
Glass	2,630,000	1,613,310	<b>60%</b>	61.3%
Aluminium	145,000	50,214		34.6%
Steel	676,000	417,261		61.7%
<i>Metal</i>	<i>821,000</i>		<b>50%</b>	56.9%
Plastic	2,185,000	516,841	<b>22.5%</b>	23.7%
Wood	1,198,000	940,460	<b>15%</b>	78.5%
<b>Total recycling</b>		<b>6,601,032</b>	<b>55%</b>	<b>61.7%</b>
EFW		426,891		
<b>Total Recovery</b>		<b>426,891</b>		
<b>Total Recovery</b>	<b>10,695,000</b>	<b>7,027,923</b>	<b>60.0%</b>	<b>65.7%</b>

2.4 The UK recycled 61.7% and recovered 65% of its packaging waste in 2008. In 1998, these figures were 27% and 30% respectively. This increase is a significant achievement, and a key milestone in the UK's progress on packaging recycling. It is helping in the fight against climate change, saving roughly 6.4 million tonnes of CO<sub>2</sub> equivalent<sup>6</sup> from being emitted into the atmosphere.

2.5 Yet, analysis within the Strategy shows that more can be achieved over the next 10 years for the benefit of consumers, businesses and the environment. Recycling reduces the need to extract virgin raw materials, which helps prevent natural resource depletion. And most recycling processes are less energy-intensive than the manufacture of virgin materials, which saves both money for businesses and greenhouse gas emissions.

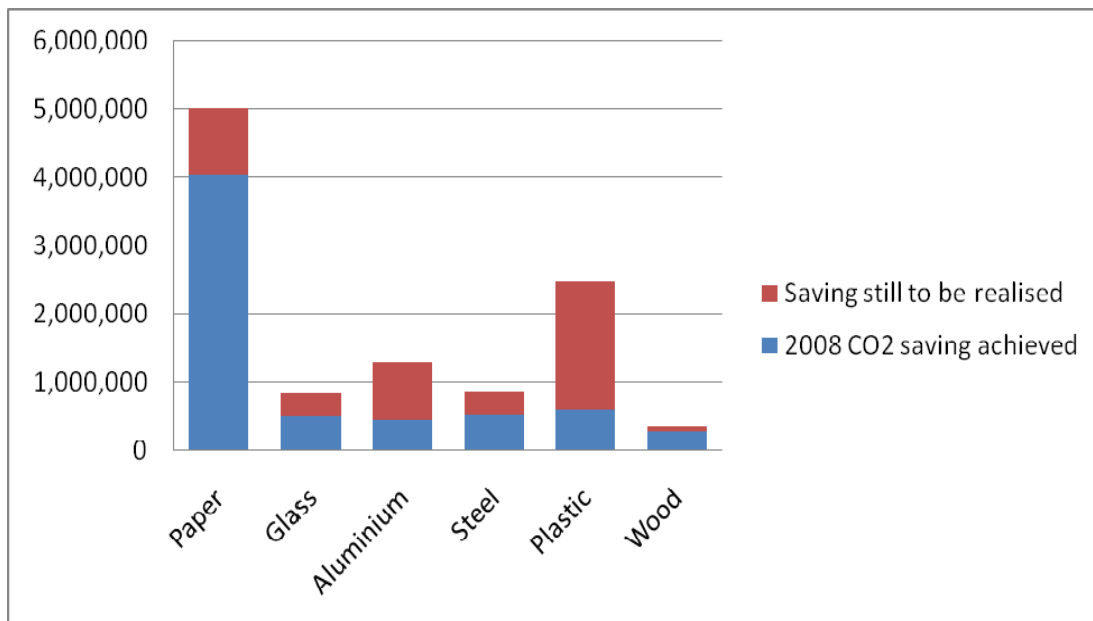
2.6 The chart below shows the potential CO<sub>2</sub> savings that could be made by recycling more packaging waste, based on 2008 actual recycling rates.

**Figure 1: Actual and potential CO<sub>2</sub> equivalent savings from packaging recycling, 2008 tonnages (CO<sub>2</sub>eq tonnes<sup>7</sup>)**

<sup>5</sup> <http://www.defra.gov.uk/environment/waste/producer/packaging/data.htm>

<sup>6</sup> Using the carbon factors listed in Annex A of the Packaging Strategy

<sup>7</sup> Based on the CO<sub>2</sub> equivalent savings listed in Annex A of the Packaging Strategy.



### Priorities for action: the materials view

2.7 The Strategy identifies the potential gains and the obstacles to progress for each of the main packaging materials.<sup>8</sup> These are summarised below:

- For aluminium, the focus needs to be on increasing collection, through recycling at work, local authority foil and can collections, and investment in on-the-go infrastructure. Aluminium is highly valuable, infinitely recyclable, and every tonne of aluminium recycled saves nine tonnes of CO<sub>2</sub> equivalent emissions.
- Aside from increasing **glass** collection rates from commercial and industrial sources (pubs, clubs, restaurants etc) through voluntary agreements, we aim to increase the amount recycled into containers and reduce the amount of waste glass used as aggregates over time.
- For **plastic**, we want to increase recycling rates from commerce and industry, increase plastic bottle recycling from households, and widen collection and recycling to other types of plastic, through a phased increase in recycling targets, as well as investment. We also expect the use of renewable bio-plastics in packaging, particularly for food, to grow in the period up to 2020. These materials can be efficiently recycled/recovered, together with residues of waste food, through in vessel composting (IVC) or anaerobic digestion (AD). These end life options not only help resource efficiency by producing valuable compost or digestate, but in the case of AD can also generate renewable energy.
- For **steel**, the main challenge in the medium term will be to maintain the quantities which are collected and reprocessed within the regulatory

<sup>8</sup> See Section 2 of Chapter 6 of the Packaging Strategy for more details.

system. Because the value of producer funding normally makes up a very small proportion of the trade price of a tonne of steel (at the end of 2007, this was around 7.5%), some reprocessors and exporters do not have sufficient incentive to become accredited. This means that more recycling of packaging waste occurs than gets counted. Infrastructure already exists for the capture of most steel packaging, and the recycling rates for steel beverage cans will benefit from the measures targeting cans consumed outside the home, set out in the section on aluminium above. Therefore, the intention is to steadily increase the targets for steel.

- The UK has always exceeded its **paper/board** packaging recycling targets (78.9% achievement in 2008) due mostly to the commercial and industrial stream, from where material is collected easily and cheaply. We propose to build on this performance incrementally to deliver additional carbon savings at low cost to business.
- The targets for **wood** have historically been exceeded (78% in 2008), and we propose simply to increase the targets incrementally to get closer to the current levels of actual achievement, while retaining an element of market flexibility.

### 3 Recycling and recovery targets: baseline assumptions

3.1 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.

3.2 Therefore, the recycling and recovery targets which apply to the 'obligated tonnage' (that handled by 'obligated businesses') are higher than those set by the Packaging Directive in order to cover the difference. This ensures that the UK complies with the provisions of the Directive. These higher targets are known as '**UK business targets**'.

3.3 Target setting starts with the following data:

- i. the amount of packaging flowing into the UK waste stream, by material; and
- ii. the level of packaging that is 'obligated' on the UK market.

3.4 The next section looks at the estimates available for both sets of data.

#### **Packaging flowing into the UK waste stream**

3.5 The current targets, set in 2007, used 2006 data as a baseline. To take account of the effects of the economic downturn, **we propose to use 2009 data as a baseline**. This data is based on industry estimates for packaging production, and hence waste arisings.

**Table 2: estimated packaging flowing into the waste stream, 2009**

Material	tonnage
Paper	3,757,500
Glass	2,686,000
Aluminium	147,500
Steel	676,000
Plastic	2,442,000
Wood	1,055,607
Other	22,220
<b>Total</b>	<b>10,786,827</b>

3.6 To this baseline, we propose to apply the projected growth rates below. These are based on industry predictions up to 2013 captured in the PackFlow<sup>9</sup> report, and for after 2013 on an extrapolation based on historic growth rates.

3.7 These figures have been discussed with the Advisory Committee on Packaging (ACP) and its Targets and Transparency Task Force, the trade bodies representing material sectors, WRAP, and others. All ongoing lightweighting work, including existing voluntary agreements such as the Courtauld Commitment, and predicted shifts within a given sector have been taken into account.

**Table 3: Predicted growth rates of packaging flowing into the UK waste stream, by material, %**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Paper	0.8	0.8	0.8	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Glass	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Alu'm	0.0	0.8	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Steel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plastic	1.5	1.5	1.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Wood	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

3.8 By applying the growth rates in Table 3 to our 2009 baseline, we can derive projected packaging waste arisings in the period 2011-2020 (Table 4).

**Table 4: Total amounts in the waste stream 2010-2020**

	2010	2011	2012	2013	2014
Paper	3,787,560	3,817,860	3,848,403	3,867,645	3,886,984
Glass	2,712,860	2,739,989	2,767,388	2,795,062	2,823,013
Alu'm	147,500	148,680	149,869	151,368	152,882
Steel	676,000	676,000	676,000	676,000	676,000
Plastic	2,478,630	2,515,809	2,553,547	2,617,385	2,682,820
Wood	1,060,885	1,066,189	1,071,520	1,076,878	1,082,262

<sup>9</sup>

[http://www.valpak.co.uk/nav/redir.aspx?l=/docs/packaging/packflow\\_2012\\_final\\_report\\_19\\_11\\_2009.pdf](http://www.valpak.co.uk/nav/redir.aspx?l=/docs/packaging/packflow_2012_final_report_19_11_2009.pdf)

Other	22,331	22,443	22,555	22,555	22,555
<b>Total</b>	<b>10,885,766</b>	<b>10,986,971</b>	<b>11,089,283</b>	<b>11,206,894</b>	<b>11,326,516</b>

	2015	2016	2017	2018	2019	2020
Paper	3,906,419	3,925,951	3,945,580	3,965,308	3,985,135	4,005,060
Glass	2,851,243	2,879,756	2,908,553	2,937,639	2,967,015	2,996,685
Alu'm	154,411	155,955	157,514	159,089	160,680	162,287
Steel	676,000	676,000	676,000	676,000	676,000	676,000
Plastic	2,749,890	2,818,638	2,889,104	2,961,331	3,035,364	3,111,249
Wood	1,087,674	1,093,112	1,098,578	1,104,071	1,109,591	1,115,139
Other	22,555	22,555	22,555	22,555	22,555	22,555
<b>Total</b>	<b>11,448,191</b>	<b>11,571,966</b>	<b>11,697,884</b>	<b>11,825,993</b>	<b>11,956,340</b>	<b>12,088,975</b>

**Q1.** In your view, are our projections for waste arisings reasonably accurate?

Are you aware of any other factors which may affect the levels of packaging 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.

### Obligated tonnage

3.9 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.

3.10 The current targets in the Packaging Regulations are based on the assumption that obligated tonnage in the years 2007-2010 would grow in line with the tonnage placed on the market and therefore arising as waste. These forward estimates have proved reasonably sound, but do not take into account the economic downturn experienced during 2008 and 2009.

**Table 5: Actual obligated tonnage 2006-2009**

	2006 actual obligated tonnes	2007 actual obligated tonnes	2008 actual obligated tonnes	2009 reported obligated tonnes*
Paper	3,427,894	3,649,900	3,710,199	3,599,341
Glass	2,014,475	2,073,542	2,112,161	2,079,708
Alu'm	128,345	139,123	137,645	146,652
Steel	559,605	530,568	547,350	537,743
Plastic	1,847,316	1,904,227	1,913,224	1,852,553
Wood	959,262	1,048,280	1,153,494	1,007,451
Other	19,852	20,984	21,837	18,564
<b>Total</b>	<b>8,956,749</b>	<b>9,366,624</b>	<b>9,595,910</b>	<b>9,242,013</b>

\*as declared by obligated business Nov 2009

3.11 Due to a number of companies going into administration, others falling back below the threshold levels and an overall fall in sales due to prevailing economic conditions, the overall obligated tonnage dropped by 3.7% between 2008 and 2009. **Therefore we intend to re-baseline data using the 2009 actual tonnages reported in NPWD.**

3.12 Historically, the level of obligation has grown approximately in line with the growth in packaging arising (around 1.5-2% per year) and major changes in the level of obligated tonnage have been the result of regulatory changes (to bring more packaging into scope of the Regulations), rather than of changes in the market. Therefore, we expect the obligated tonnage to continue to track packaging waste arisings, and so plan to use the same growth rates for both.

**Table 6 Predicted growth rates in obligated tonnage(%)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Paper	0.8	0.8	0.8	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Glass	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Alu'm	0.0	0.8	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Steel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plastic	1.5	1.5	1.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Wood	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

3.13 Applied to the 2009 baseline, the growth rates above result in the projected levels of obligated tonnage in Table 7.

**Table 7: Total level of obligated tonnage 2010-2020 (tonnes)**

	2010	2011	2012	2013	2014	2015
Paper	3,628,136	3,657,161	3,686,418	3,704,850	3,723,374	3,741,991
Glass	2,079,708	2,100,505	2,121,510	2,142,725	2,164,152	2,185,794
Alu'm	146,652	147,825	149,008	150,498	152,003	153,523
Steel	537,743	537,743	537,743	537,743	537,743	537,743
Plastic	1,880,341	1,908,546	1,937,175	1,985,604	2,035,244	2,086,125
Wood	1,012,488	1,017,551	1,022,638	1,027,752	1,032,890	1,038,055
Other	18,657	18,750	18,844	18,938	19,033	19,128
<b>Total</b>	<b>9,303,725</b>	<b>9,388,081</b>	<b>9,473,336</b>	<b>9,568,110</b>	<b>9,664,440</b>	<b>9,762,359</b>

	2016	2017	2018	2019	2020
Paper	3,760,701	3,779,505	3,798,402	3,817,394	3,836,481
Glass	2,207,652	2,229,728	2,252,026	2,274,546	2,297,291
Alu	155,058	156,609	158,175	159,757	161,354
Steel	537,743	537,743	537,743	537,743	537,743
Plastic	2,138,278	2,191,735	2,246,529	2,302,692	2,360,259
Wood	1,043,245	1,048,461	1,053,704	1,058,972	1,064,267
Other	19,224	19,320	19,416	19,513	19,611
<b>Total</b>	<b>9,861,901</b>	<b>9,963,101</b>	<b>10,065,994</b>	<b>10,170,617</b>	<b>10,277,007</b>

**Q2.** In your view, are the predictions for obligated tonnage reasonably accurate?

Are you aware of any other factors which may affect the levels of obligated tonnage reported?

Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

## 4 Proposed targets 2011-2020

### The proposed timescales

4.1 As part of its 2007 consultation on packaging recycling targets, government proposed new targets for 2011 and 2012. These were due to be included in the Regulations in due course. However, the market data on which these targets were based has changed significantly due to the global economic downturn. We therefore intend as part of this consultation to revisit and adjust the proposed 2011 and 2012 targets.

4.2 The Advisory Committee on Packaging has previously recommended that targets should be set for a minimum of 5 years in order to provide industry with some certainty to inform planning and investment decisions. **We propose to set targets up to 2020 to align with the Packaging Strategy's vision of where we want to be in a decade's time. Targets will in any case need to be reviewed by 2015, to take stock of market changes, assess the effectiveness of the changes after 2011, and align them with possible revisions to the Packaging Directive.**

4.3 A review in 2015 will also take account of the effects of the Landfill Tax escalator. Recent estimates suggest that we are at or near the point where the continued increase in costs of disposal due to the Landfill Tax is, in many cases, making disposal to landfill the most expensive option for managing waste. This change in cost dynamics, irrespective of the prevailing level of targets, will have a profound effect on the waste sector and those affected by the regulations, as it becomes progressively cheaper in relative terms to recover/recycle progressively smaller amounts of waste than to send it to landfill.

4.4 In England, Wales and Northern Ireland, government is assessing the case for introducing further restrictions on the landfilling of biodegradable and recyclable wastes. This may include some of the main packaging materials. No decisions have yet been made on this; research into landfill bans in other countries reported in September 2009<sup>10</sup> and a study of the feasibility and practicalities of landfill bans is due to be published in March 2010. On the basis of the results of this research, the Governments for England and Wales aim to consult on any proposals in March 2010. Whilst landfill bans on recyclable materials may help achieve higher levels of recycling, they are likely to have a long lead-in time. The proposed targets have therefore been modelled without specific reference to possible landfill bans. They may have to be reviewed at a later date in line with policy decisions.

### The minimum option – rolling the 2010 targets forward

<sup>10</sup> [http://randd.defra.gov.uk/Document.aspx?Document=WR1202\\_8231\\_FRP.pdf](http://randd.defra.gov.uk/Document.aspx?Document=WR1202_8231_FRP.pdf)

4.5 As a minimum, we need to set targets for 2010 onwards which ensure that the UK continues to meet its Packaging Directive obligations. We could do so by rolling forward the 2010 targets for each of the materials, as illustrated in Table 8.

**Table 8: Tonnages delivered by 2010 targets rolled forward**

	Targets (%)	Tonnage delivered by targets in 2010	Tonnage delivered by targets in 2020
Paper	69.5	2,521,554	2,666,354
Glass	81	1,684,563	1,860,806
Aluminium	40	58,661	64,542
Steel	69	371,043	371,043
Plastic	29	545,299	684,475
Wood	22	222,747	234,139
Total recycling		6,333,976	6,996,586
Recovery	74	6,884,757	7,604,985

4.6 Under this option, by 2020 the recycling and recovery targets would lead to an estimated additional 720,000 tonnes being diverted from landfill compared to what is expected to be delivered in 2010. They would save an additional 465,400 tonnes of CO<sub>2</sub> equivalent emissions over what is expected to be achieved in 2010.

4.7 Full details of the tonnages expected to be delivered by these targets, based on the predicted increase in waste arising and obligated tonnage, are included in the Annex.

4.8 As described in the accompanying Impact Assessment (paragraph 3.37-8), it is believed that without the “demand-pull” from increased targets there will be a market perception among compliance schemes and producers that there will be no difficulty in acquiring suitable evidence to show compliance. This is because the required tonnage in PRN/PERNs will not vary significantly from the previous year and so collecting and reprocessing the required amount of packaging waste should be achievable.

4.9 Historically, in situations where there is a perceived surplus and a belief that there will be abundant evidence (as for paper and wood which are normally in over-supply) the value of the PRN/PERN falls to a floor price of around £2-3. This effect may not be felt as strongly in all materials, some of which are more influenced by movements in the global materials markets. However, in general the very low annual increase in tonnage required to meet targets would result in market confidence in the ability to comply and in subsequent low prices for evidence.

4.10 We estimate that in this scenario only £14m of additional PRN/PERN revenue, compared to 2008, would be generated and available for investment in UK recycling capacity (£64m was generated in 2008). Industry sources have indicated that for certain recycling sectors a reduction in the PRN revenue could cause difficulties and may undermine the economics of emerging markets (most notably in plastics).

4.11 In summary, this option would maintain the UK’s performance against EU targets, but it would take it no further forward in terms of increasing the

sustainability of packaging by promoting greater recycling. It would have limited environmental benefits and may even have unintended negative consequences on reprocessing capacity in the UK.

### Joining the EU best performers – 70% recycling by 2020 option

4.12 The latest data (2007) on packaging recovery and recycling performance in the EU shows that the highest achieving Member States recovered 80-90% of all packaging (the highest was 95%), and 70-80% recycling (the highest was 80%).<sup>11</sup> The best performers appear to be reaching a performance plateau.

4.13 In developing government's level of ambition, the policy review which led to the Packaging Strategy took account not only of these EU performance figures, but also of the potential greenhouse gas emissions savings from increased recycling, as illustrated by Figure 1 above.

4.14 The targets proposed in the following section, taking into account the de minimis, are based on analysis of the future recycling capacity and end markets. They are intended to be stretching but attainable, and are likely to result in noticeable improvements in the recycling services offered to businesses of all sizes and householders.

**4.15 This option would mean that by 2020 the new recycling targets would lead to an additional 2.3m tonnes being diverted from landfill compared to 2010. This would deliver around 1.7m tonnes more recycling in 2020 than under the option to maintain the 2010 targets.**

**Table 9: Tonnages delivered by targets**

	Tonnage expected to be delivered by targets in 2010	Tonnage delivered by targets in 2020 (existing targets)	Tonnage delivered by targets in 2020 (proposed targets)
Paper	2,521,554	2,666,354	3,452,833
Glass	1,684,563	1,860,806	2,067,562
Aluminium	58,661	64,542	112,948
Steel	371,043	371,043	505,478
Plastic	545,299	684,475	1,770,194
Wood	222,747	234,139	787,558
Material specific recycling	5,403,868	5,881,359	8,696,574
Overall recycling	6,333,976	6,996,586	8,696,574
Recovery	6,884,757	7,604,985	8,696,574

4.16 The proposed targets would also mean that in 2020 a total around 9.1m tonnes of CO<sub>2</sub> equivalent emission would be saved. This is 3.6 million tonnes of CO<sub>2</sub> equivalent emissions more than would be saved than what will be saved in 2010 based on current projections. (see accompanying Impact Assessment for more details).

<sup>11</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/waste/data/wastestreams/packaging\\_waste](http://epp.eurostat.ec.europa.eu/portal/page/portal/waste/data/wastestreams/packaging_waste)

4.17 This is about 3m tonnes CO<sub>2</sub> equivalent more than the 2020 results under the minimum option.

4.18 In the rest of this section, we explain how we have modelled material-specific recycling targets which overall take the UK closer to the best performers, and are designed to stimulate recycling in the materials where the greatest carbon savings are to be had.

## Paper

4.19 The UK has always exceeded its recycling targets (achieving 78.9% in 2008 – 3.06m tonnes) due mostly to the commercial and industrial stream, from where material is collected easily and cheaply. However, it is estimated that there are still approximately 700,000 tonnes of paper and card remaining in the residual waste stream.

4.20 It is estimated that about 910,000 tonnes (based on 2008 data) of paper/board arises in the household waste stream. Recent analysis by Packflow<sup>12</sup> suggests that only 54% of local authorities collect this material from the kerbside, whilst 75% offer a bring collection service for card.

4.21 The proposed targets have been modelled to bring tonnages in line with the current level of achievement, and thereby incentivise the capture of some of this material from the household stream. This would deliver benefits both for residents and in climate change terms.

**Table 9 – Proposed targets for paper, 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual recycling rates	68.8%	70.8%	72.7%	74.6%	76.5%	78.4%	80.3%	82.2%	84.1%	86.1%
Which require (tonnes)	2,633,156	2,727,949	2,815,686	2,904,232	2,993,593	3,083,775	3,174,784	3,266,626	3,359,307	3,452,833
Which require business targets set at...	72.0%	74.0%	76.0%	78.0%	80.0%	82.0%	84.0%	86.0%	88.0%	90.0%

4.22 For each tonne of paper that gets recycled instead of being landfilled, 1.4 tonnes of CO<sub>2</sub> equivalent are saved. The additional 389,000 tonnes that the 2020 targets would deliver compared to 2008 would result in an estimated 545,000 tonnes of CO<sub>2</sub> equivalent savings.

**Q3.** Do you agree with our proposed targets for paper/board, and our analysis of what they are likely to require?

<sup>12</sup>

[http://www.valpak.co.uk/nav/redir.aspx?l=/docs/packaging/packflow\\_2012\\_final\\_report\\_19\\_11\\_2009.pdf](http://www.valpak.co.uk/nav/redir.aspx?l=/docs/packaging/packflow_2012_final_report_19_11_2009.pdf)

Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

## Glass

4.23 In 2008 the UK recycled 1.61m tonnes of glass, achieving a recycling rate of 61.3%. We estimate that, on 2008 figures, there are about 1m tonnes of glass remaining in the residual waste stream; a potential additional CO2 saving of around 370,000 tonnes.

4.24 PackFlow analysis estimates that, for 2008, 65% of the glass going through households is captured for recycling (1.37m tonnes of an estimated 2.09mT in the household waste stream), and 68% of local authorities currently collect this material from the kerbside (which gives the highest kg/HH yield). Therefore, there is significant tonnage available for recovery, if participation rates can be increased.

4.25 For glass, the method of collection is a key issue and often dictates its end use. The market for container glass requires clear cullet, of which there is an increasing shortage. Collecting glass in colour-sorted containers is more costly, particularly if collected at the kerbside. Clear cullet is more valuable than mixed cullet, though the difference in value does not always cover the additional costs of sorted collection.

4.26 Due to the expansion of kerbside collections that include glass, more material is being collected overall. WRAP estimates that around 70% of UK local authorities collect glass at the kerbside, accounting for around 55 % of the glass recovered from households<sup>13</sup>. Around 15% of local authorities operate fully co-mingled glass collections, with a similar number operating two-stream co-mingled systems, where glass is collected with plastic and aluminium containers. This glass waste is not usually handled in a way that facilitates easy sorting and high quality thereby limiting the market mainly to aggregates.

4.27 Another issue is that glass collected in co-mingled collections can often contaminate the (non-packaging) paper stream. This can reduce the quality for both materials, and therefore the end markets and value, of the recyclates.

4.28 We also want to increase glass collection rates from commercial and industrial sources (pubs, clubs, restaurants etc) through voluntary agreements, as WRAP research suggests that about 500,000-600,000 tonnes of glass from the hospitality sector could be collected and reprocessed.

4.29 In carbon terms, there are clear environmental gains to be had from closed loop recycling<sup>14</sup> and this is the rationale behind sub-dividing the targets (see Section 5 of this chapter). So targets have been set that are high enough to incentivise the capture of this available glass, and we also propose to reduce the amount of waste glass used as aggregates through differentiated targets.

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<sup>13</sup> WRAP glass market report, 2008

[http://www.wrap.org.uk/downloads/Glass\\_MSR\\_update.ac7e5f6f.6009.pdf](http://www.wrap.org.uk/downloads/Glass_MSR_update.ac7e5f6f.6009.pdf)

<sup>14</sup> 'closed loop' for these purposes is where a waste packaging product gets recycled back into the same product

**Table 10 – Proposed targets for glass, 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Desired recycling rates - overall	62.9%	63.6%	64.4%	65.2%	65.9%	66.7%	67.5%	68.2%	69.0%	69.0%
Which require (tonnes)	1,722,414	1,760,853	1,799,889	1,839,530	1,879,783	1,920,657	1,962,161	2,004,303	2,047,091	2,067,562
Which require business targets set at...	82.0%	83.0%	84.0%	85.0%	86.0%	87.0%	88.0%	89.0%	90.0%	90.0%

4.30 For each tonne of glass that gets recycled instead of being landfilled or used as aggregate, 0.315 tonnes of CO2 equivalent are saved. The additional 454,000 tonnes that the 2020 targets would deliver compared to 2008 would result in an estimated 143,000 tonnes of CO2 equivalent savings. It is important to bear in mind that if the additional tonnage was used for aggregates, this figure would be nil.

**Q4.** Do you agree with our proposed targets for glass and our analysis of what they are likely to require?

Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

## Aluminium

4.31 In 2008 the UK recycled 50,214 tonnes of aluminium, achieving a recycling rate of 34.6%. We estimate that, on 2008 figures, there are about 94,000 tonnes of aluminium remaining in the residual waste stream - a potential additional CO2 saving of 850,000 tonnes.

4.32 To improve recycling rates analysis shows that the focus needs to be on increasing collection, through recycling at work, local authority foil and can collections, and investment in on-the-go infrastructure. This is because around 95% of aluminium packaging waste is primary packaging (drinks cans, ready meal trays, etc). Industry estimates that approximately 18% of all aluminium packaging is used 'on the go', and it tends to end up in street bins rather than be taken home to be recycled.

4.33 Infrastructure already exists for the capture of aluminium beverage cans. Industry analysis estimates that although 85% of local authorities collect aluminium cans from the kerbside, only 42-43% of aluminium going through households is captured for recycling (around 60,000 of the 140,000 tonnes arising in the household waste stream). So there is clearly a need for producers to help local authorities improve participation rates, and expand their collection services to include foil trays and aerosols (something which the industry is starting to do).

4.34 So we want targets that are set high enough to further incentivise the collection and capture of cans and foster the collection of other aluminium formats, such as aerosols and foil.

4.35 Discussions with industry have indicated that the proposed targets are very challenging, but are achievable. However, within this assessment there is a caveat regarding certain uses of aluminium. Many laminate and composite packaging applications (16-20kt) use a layer of aluminium that is technically unrecoverable.

4.36 This material is counted as part of the overall aluminium placed on the market and is used when calculating targets and recycling obligations. However, due to the guidance on composite packaging<sup>15</sup>, it would be counted as paper/board if recycled.

4.37 In line with practice in other Member States, we will consider removing this “unrecoverable aluminium” from the aluminium flow when calculating achievement and obligation. The base data would be adjusted accordingly.

**Table 11 – Proposed targets for aluminium, 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Desired recycling rates	42.8%	45.7%	48.7%	51.7%	54.7%	57.7%	60.6%	63.6%	66.6%	69.6%
Which require (tonnes)	63,565	68,544	73,744	79,041	84,438	89,934	95,531	101,232	107,037	112,948
Which require business targets set at...	43.0%	46.0%	49.0%	52.0%	55.0%	58.0%	61.0%	64.0%	67.0%	70.0%

4.38 For each tonne of aluminium that gets recycled instead of being landfilled, 9 tonnes of CO<sub>2</sub> equivalent are saved. It is therefore crucial that the recycling rate for aluminium be maximised. The additional 62,000 tonnes that the 2020 targets would deliver compared to 2008 would result in an estimated 488,000 tonnes of CO<sub>2</sub> equivalent savings.

**Q5.** Do you agree with our proposed targets for aluminium and our analysis of what they are likely to require? We would also welcome your views on how aluminium in composite applications should be accounted for.

Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

## Steel

4.39 In 2008 the UK recycled 417,261 tonnes of steel, achieving a recycling rate of 61.7%. Industry estimates that there is, on 2008 figures, about 258,000 tonnes of

<sup>15</sup> <sup>15</sup> <http://www.defra.gov.uk/environment/waste/producer/packaging/documents/userguide.pdf>

steel remaining in the residual waste stream - a potential additional CO<sub>2</sub> saving of 1m tonnes.

4.40 Industry advice suggests that the capture rate for steel packaging waste from the C&I stream is already high. Therefore the remaining tonnages are relatively small, meaning that any increase in targets could not be achieved through C&I waste alone.

4.41 Industry analysis estimates that 85% of local authorities collect steel cans at the kerbside, and roughly 46-49% of the estimated 380,000 tonnes of packaging steel going through households is captured for recycling. So there is clearly scope to increase the recycling rate by improving participation rates amongst householders.

4.42 Infrastructure already exists for the capture of most steel packaging, and the recycling rates for steel beverage cans will benefit from measures targeting cans consumed outside the home, which are partly producer-funded and would benefit from more resources.

4.43 Therefore, following discussion with representatives from the steel sector, we propose to increase the targets for steel incrementally to make sure that more material gets collected from households, which will deliver CO<sub>2</sub> savings.

**Table 12 – Proposed targets for steel, 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Desired recycling rates	56.9%	58.9%	60.9%	62.8%	64.8%	66.8%	68.8%	70.8%	72.8%	74.8%
Which require (tonnes)	384,486	397,930	411,373	424,817	438,261	451,704	465,148	478,591	492,035	505,478
Which require business targets set at...	71.5%	74.0%	76.5%	79.0%	81.5%	84.0%	86.5%	89.0%	91.5%	94.0%

4.44 For each tonne of steel that gets recycled instead of being landfilled, 1.35 tonnes of CO<sub>2</sub> equivalent are saved. The additional 88,200 tonnes that the 2020 targets would deliver compared to 2008 would result in an estimated 119,000 tonnes of CO<sub>2</sub> equivalent savings.

**Q6.** Do you agree with our proposed targets for steel, and our analysis of what they are likely to require?

Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Plastic**

4.45 In 2008 the UK recycled 516,841 tonnes of plastic, achieving a recycling rate of 23.7%. It is estimated that, on 2008 figures, there are about 1,668,000 tonnes of plastic packaging remaining in the residual waste stream.

4.46 Despite considerable improvement particularly on the household side, (plastic bottles recycling now stand at around 39%<sup>16</sup>), international comparisons show how much more could be done. In 2006, the UK was near the bottom of the EU table in terms of plastic recycled from the household side (with an estimated recycling rate of 10% on 200,000 tonnes), and 20% below the best performers on the C&I side.

4.47 In relation to the household waste stream, the immediate priority should be to support and further the increase in bottle recycling. There are clear and established markets for PET and HDPE. Indeed, the desire for a high recycled content in some formats has led to demand for recyclate outstripping supply.

4.48 In the medium term, we also want to widen collection and recycling to other types of plastic packaging; something which consumers and retailers are calling for. WRAP estimate that 67% of local authorities collect bottles from the kerbside while 11% collect mixed plastics. However, it is not clear how this translates into actual numbers of households covered. So while coverage could be improved (especially for mixed plastics), the key is to increase participation rates.

4.49 We also want to increase the recycling rates from commerce and industry. Packflow estimated that 37-38% of an estimated 750,000 tonnes were being recycled. Figures from the Plastic Data Alliance in 2006 estimated recycling at 43%.

4.50 Therefore we intend to set targets to incentivise the capture of more plastic packaging waste, with benefits both for residents and in climate change terms.

**Table 13 – Proposed targets for plastic, 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Desired recycling rates	22.8%	26.6%	30.3%	34.1%	37.9%	41.7%	45.5%	49.3%	53.1%	56.9%
Which require (tonnes)	572,564	678,011	794,242	915,860	1,043,063	1,176,053	1,315,041	1,460,244	1,611,884	1,770,194
Which require business targets set at...	30.0%	35.0%	40.0%	45.0%	50.0%	55.0%	60.0%	65.0%	70.0%	75.0%

4.51 Achieving these targets will be challenging, based on the low starting point and the lack of investment to date, but would still result in a lower recycling rate for plastics than for any of the other packaging materials. To allow a slightly longer lead-in time for the required activities, we have kept the increase in targets between 2010 and 2011 at 1%.

<sup>16</sup> [http://www.wrap.org.uk/manufacturing/info\\_by\\_material/plastic/plastics\\_collection.html](http://www.wrap.org.uk/manufacturing/info_by_material/plastic/plastics_collection.html)

4.52 To achieve these targets will require:

- the ability to focus PRN revenues on under-developed recycling streams (e.g. packaging formats other than bottles and film from the C&I stream). This is one of the key reasons why we are proposing to split the plastics targets in future (see Section 6 of this chapter);
- an increase in the level of obligated tonnage. At the moment, obligated producers have to recycle a greater proportion of the tonnage than could be expected. This may be due to a very high number of producers who handle plastic packaging being under the de minimis. It may be due to undeclared imports. It could be a combination, or there could be other factors (see paragraph 4.68).

4.53 For each tonne of rigid plastic that gets recycled instead of being landfilled, 1.5 tonnes of CO<sub>2</sub> equivalent are saved (1 tonne for film). The additional 1.18m tonnes that the 2020 targets would deliver compared to 2008 would result in an estimated 1.1m tonnes of CO<sub>2</sub> equivalent savings.

**Q7.** Do you agree with our proposed targets for plastic and our analysis of what they are likely to require?

Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

## Wood

4.54 Wood recycling targets have historically been exceeded. Achievement in 2008 was 76% (equivalent to 940,460 tonnes) against a business target of 20.5%.

4.55 Under the EU Directive, a set proportion of individual producers' overall recovery target (60%) has to be met through recycling. Some businesses handle materials with targets below 60% (e.g. businesses with an obligation mainly in plastic, for which the targets are below 60%). These businesses need to obtain PRNs in other materials to bring their recovered and recycled total up to 60% of the tonnage they place on the market. Many producers and compliance schemes choose to make up the gap by acquiring wood PRN/PERNs.

4.56 We propose simply to increase the targets incrementally towards the current levels of achievement, leaving some margin for manoeuvre for businesses who need wood PRNs to get them up to their 60% overall obligation.

**Table 14 – Proposed targets for wood, 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Desired recycling rates	26.7%	32.4%	38.2%	43.9%	50.6%	56.3%	62.0%	67.8%	70.6%	70.6%
Which require (tonnes)	284,914	347,697	411,101	475,130	550,169	615,515	681,500	748,130	783,639	787,558
Which require	28.0%	34.0%	40.0%	46.0%	53.0%	59.0%	65.0%	71.0%	74.0%	74.0%

business targets set at...										
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4.57 The CO2 equivalent savings resulting from the actual recycling tonnages for wood in 2020 are likely to be roughly in line with those achieved in 2008.

**Q8.** Do you agree with our proposed targets for wood and our analysis of what they are likely to require?

Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

### Overall summary

4.58 The proposed targets, taking into account the de minimis, are based on analysis of the future recycling capacity and potential end markets. They are intended to be stretching for individual materials but attainable, and **are likely to result in noticeable improvements in the recycling services offered to businesses of all sizes and householders.**

4.59 The following table summarises the desired material-specific recycling rates.

**Table 15: desired achievement rates 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Paper</b>	69.0%	70.9%	72.8%	74.7%	76.6%	78.5%	80.5%	82.4%	84.3%	86.2%
<b>Glass</b>	62.9%	63.6%	64.4%	65.2%	65.9%	66.7%	67.5%	68.2%	69.0%	69.0%
<b>Aluminium</b>	42.8%	45.7%	48.7%	51.7%	54.7%	57.7%	60.6%	63.6%	66.6%	69.6%
<b>Steel</b>	56.9%	58.9%	60.9%	62.8%	64.8%	66.8%	68.8%	70.8%	72.8%	74.8%
<b>Plastic</b>	22.8%	26.6%	30.3%	34.1%	37.9%	41.7%	45.5%	49.3%	53.1%	56.9%
<b>Wood</b>	26.7%	32.4%	38.2%	43.9%	50.6%	56.3%	62.0%	67.8%	70.6%	70.6%
<b>Total recycling</b>	59.0%	59.7%	60.5%	61.2%	62.0%	63.4%	65.8%	68.1%	70.3%	71.9%
<b>Overall Recovery</b>	64.1%	64.9%	65.7%	66.6%	67.4%	68.2%	69.0%	69.8%	70.6%	71.9%

4.60 This level of achievement requires the following business targets:

**Table 16: Proposed business targets 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Paper</b>	72.0%	74.0%	76.0%	78.0%	80.0%	82.0%	84.0%	86.0%	88.0%	90.0%
<b>Glass</b>	82.0%	83.0%	84.0%	85.0%	86.0%	87.0%	88.0%	89.0%	90.0%	90.0%
<b>Aluminium</b>	43.0%	46.0%	49.0%	52.0%	55.0%	58.0%	61.0%	64.0%	67.0%	70.0%
<b>Steel</b>	71.5%	74.0%	76.5%	79.0%	81.5%	84.0%	86.5%	89.0%	91.5%	94.0%
<b>Plastic</b>	30.0%	35.0%	40.0%	45.0%	50.0%	55.0%	60.0%	65.0%	70.0%	75.0%
<b>Wood</b>	28.0%	34.0%	40.0%	46.0%	53.0%	59.0%	65.0%	71.0%	74.0%	74.0%
<b>Overall Recycling</b>	69.0%	69.9%	70.8%	71.8%	72.7%	73.6%	74.5%	75.4%	76.4%	77.3%
<b>Overall Recovery*</b>	75.0%	76.0%	77.0%	78.0%	79.0%	80.0%	81.0%	82.0%	83.0%	84.0%

\*of which a minimum of 92% recycling (see overall recycling targets)

**4.61 Under this option, by 2020 the new recycling targets would lead to an additional 2.3m tonnes being diverted from landfill compared to 2010. This would deliver around 1.7m tonnes more recycling in 2020 than under the option to maintain the 2010 targets.**

**Table 17: Tonnages delivered by targets**

	<b>Tonnage expected to be delivered by targets in 2010</b>	<b>Tonnage delivered by targets in 2020 (existing targets)</b>	<b>Tonnage delivered by targets in 2020 (proposed targets)</b>
Paper	2,521,554	2,666,354	3,452,833
Glass	1,684,563	1,860,806	2,067,562
Aluminium	58,661	64,542	112,948
Steel	371,043	371,043	505,478
Plastic	545,299	684,475	1,770,194
Wood	222,747	234,139	787,558
Material specific recycling	5,403,868	5,881,359	8,696,574
Overall recycling	6,333,976	6,996,586	8,696,574
Recovery	6,884,757	7,604,985	8,696,574

**4.62 This would also mean that by 2020, 3.6 million tonnes of CO<sub>2</sub> equivalent emissions more would be saved than what is projected in 2010 (see accompanying Impact Assessment for more details). This is about 3m tonnes CO<sub>2</sub> equivalent more than the 2020 results under the minimum option.**

4.63 In order for the increased tonnage to be recycled, we expect that ongoing investment in collection systems – primarily from households - (and for plastics, sorting and reprocessing capacity) will be needed. Some of this investment is expected to come from revenue derived from PRN/PERNs.

**4.64 We estimate that this would come at an average annual cost of around £133-159m per annum across the entire packaging chain. (see the accompanying Impact Assessment for full details).**

4.65 Producers' costs are likely to increase, either through the additional recycling activity they will have to undertake or through the need to acquire more evidence of compliance if they do not organise recycling themselves. Either way, this will inject more funding into the collection and sorting infrastructure. The proportion of these costs passed down to the final consumer is impossible to estimate, but it is not likely to be visible in the price of individual items, as packaging is normally a very small fraction of the price of goods.

**4.66 The additional benefits, achieved mostly through avoided landfill costs, greenhouse gas emissions savings, and additional revenue from recycled materials, are estimated to be £155m per annum. Again, full details are given in the accompanying Impact Assessment.**

4.67 It should be noted that higher long-term targets will provide an income stream for reprocessors and exporters, and stimulate the availability of material.

4.68 For householders, the proposed targets are likely to mean that a greater range of materials would be collected for recycling in their local collection system. For Local Authorities, the proposed targets will provide an additional incentive to collect packaging materials, as additional funding becomes available from producer sources.

**4.69 The overall Net Present Value benefit of the proposed higher targets is estimated at £82m.**

**4.70 Given the policy direction of the Packaging Strategy and the overall ambition of government to improve resource efficiency for all materials, this is government's preferred option.**

**Q.9** Do you support government's preferred option of increasing targets between 2010 and 2020?

If you are a packaging producer or a compliance scheme, we would much appreciate your views on the cost assumptions that we have used in the Impact Assessment.

If you are a local authority, a waste management company or a member of the public, we would welcome your views on our analysis of what the proposed targets would mean for you.

If you are an accredited exporter or reprocessor, please give us your views on the likely benefits of higher targets for your business.

4.71 Changes to the targets will have wider implications, and their achievement will be influenced by a number of factors.

- Drivers beyond the requirements of the Packaging Regulations, such as Local Authority targets, the rate of landfill tax, and the Waste Framework Directive, will all have an impact on the prevailing levels of recycling.
- Another key issue will be reprocessing capacity and demand. Industry advice suggests that there is enough capacity on the ground or in development in the UK and abroad to deal with the additional material generated by higher targets to 2020. There is also reasonable confidence in continued demand, as global markets continue to recover from the economic downturn.
- Over the next decade, we would also expect technological developments to enable more and better use of waste as a resource. The implementation of technologies which are emerging now (e.g. MBT) will also play an important part in England, Scotland and Northern Ireland.

- Defra and BIS are currently working together on a project to identify new business opportunities in the waste sector. The final report, due in March, will include an analysis of several material waste streams, with recommendations designed to enable business to exploit the opportunities which arise as volumes of materials recovered from the waste stream increase.

### Obligated tonnage

4.72 In general the level of obligated tonnage for any specific material is around 85% of the total waste arising. This forms the basis for the targets calculation (and was the basis for assessing the de minimis thresholds). However, the 2009 obligated tonnage data shows a drop in the percentage of packaging captured by the Regulations to around 77% for glass and 76% for plastics. This means that the required business targets for these materials are higher than for other materials with equivalent levels of recycling, to compensate for the amount of material that is not caught by the obligation.

4.73 The reason for the ‘obligated tonnage gap’ for these materials is unclear and will require further investigation. However, what is clear is that achievement of the material specific targets will be far easier, and the cost burden more equitably shared, if the obligated tonnage can be increased.

**Q.10** What do you think are the reasons for the ‘obligated tonnage gap’ in glass and plastics?

What can be done to reduce that gap (and who should do it)?

## 5 Splitting glass targets by end use

5.1 As mentioned in Section 4, glass recycling targets have been met to date, but they remain challenging and rely on aggregates as an end market (for roughly 30%). The amount of recovered container glass destined for uses other than re-melt, including aggregates, has more than doubled since 2005. The way in which glass is collected often dictates its end use.

5.2 Currently, the aggregates market usefully provides a home for poor quality material that otherwise would go to landfill. However, aggregates is an open loop application, and in carbon terms a sub-optimal one (see Table 18). To achieve the best environmental outcome from the recovery activities, government intend to encourage more glass to go to re-melt applications and reduce the amount of glass going into aggregates over time.

**Table 18: relative carbon benefits of a sample of recycling methods**

1 tonne of...	Saves...
glass recycled into containers	0.263-0.315t of CO <sub>2</sub> eq

glass recycled into aggregates	on average 0
--------------------------------	--------------

5.3 Options to achieve this have been discussed with the Advisory Committee on Packaging and its Targets and Transparency Taskforce, British Glass and other key stakeholders. It was agreed that the most effective way of doing this would be to set sub-targets for glass by end-use, allowing a decreasing proportion of the overall glass target to be met through evidence derived from aggregates.<sup>17</sup> To do so, we propose to freeze the amount that can be achieved through aggregates to its 2008 level – approximately 565,000 tonnes. This will require a change in collection methods to ensure that sufficient glass collected is of suitable quality to meet the re-melt requirements.

5.4 The resulting re-melt targets that individual businesses will need to apply to their glass tonnage are as follows:

**Table 19 – Proposed re-melt targets for glass, 2011-2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tonnage to be achieved through re-melt (t) *	1,165,760	1,202,275	1,239,347	1,276,984	1,315,193	1,353,982	1,393,359	1,433,332	1,473,908	1,515,096
which will require business targets for re-melt at...	55.2%	56.3%	57.5%	58.7%	59.8%	61.0%	62.1%	63.3%	64.4%	65.6%

5.5 This proposed split in the glass targets could apply to both the minimum and to the 70% achievement options. Please see the accompanying draft amending regulations for details.

**Q.11** Do you support government’s proposal to split the glass target in line with end-use and reduce the allowable recycling through aggregates over time?

Have you got any data which would make our estimate of total tonnages of glass going to re-melt, aggregate or other end-uses more accurate? If so please provide it with your response.

If you are a local authority, a waste management company or a packaging producer, we would welcome your views on our analysis of what this proposal would mean for you, including the cost assumptions used in our Impact Assessment.

<sup>17</sup> Other options included sub-targets by colour. This was not pursued because of added administrative and enforcement burdens which were unlikely to deliver a better policy outcome.

If you are an accredited exporter or reprocessor, please give us your views on the likely impact of this proposal on your business.

## 6 Plastics – proposed mechanism to split targets from 2013

### Focussing PRN Revenues

6.1 Splitting the plastics targets into sub-targets would allow separate targets to be set for types of plastics which may not be widely collected for recycling at present, but for which higher recycling would bring environmental and consumer benefits. Separate targets create distinct PRN values for each stream, reflecting the degree of challenge in their recycling.

6.2 Early discussion suggested that there are 3 possibly ways in which plastics targets could be split:

- Polymer type (PET, HDPE, PP etc)
- Source (commercial and industrial, municipal, construction and demolition etc)
- Pack format (bottles, rigid, film etc)

6.3 Each option has its strengths and weaknesses, especially with respect to susceptibility to fraud, and so a hybrid split has been developed, with the following categories:

- Bottles
- Rigid packaging
- Commercial and industrial films
- Domestic films

6.4 The proposed split would provide an incentive for collection and reprocessing of the individual waste streams and, where collection is currently not occurring, would direct funds toward these streams via PRN/PERN revenue.

6.5 This split should provide the best opportunity to focus resources on the under-developed categories and at the same time offer the most resilience to fraud. Of course these categories will need precise definitions so that, for example, the difference between a municipal rigid pack and film remains clear even as the rigid pack is light weighted.

6.6 The following table provides a breakdown of the total plastic waste arising by these categories. This is based on estimates from the WRAP work on bottle and mixed plastic collection, Packflow estimates and WasteDataFlow data.

**Table 20: estimated breakdown of the plastic packaging waste stream**

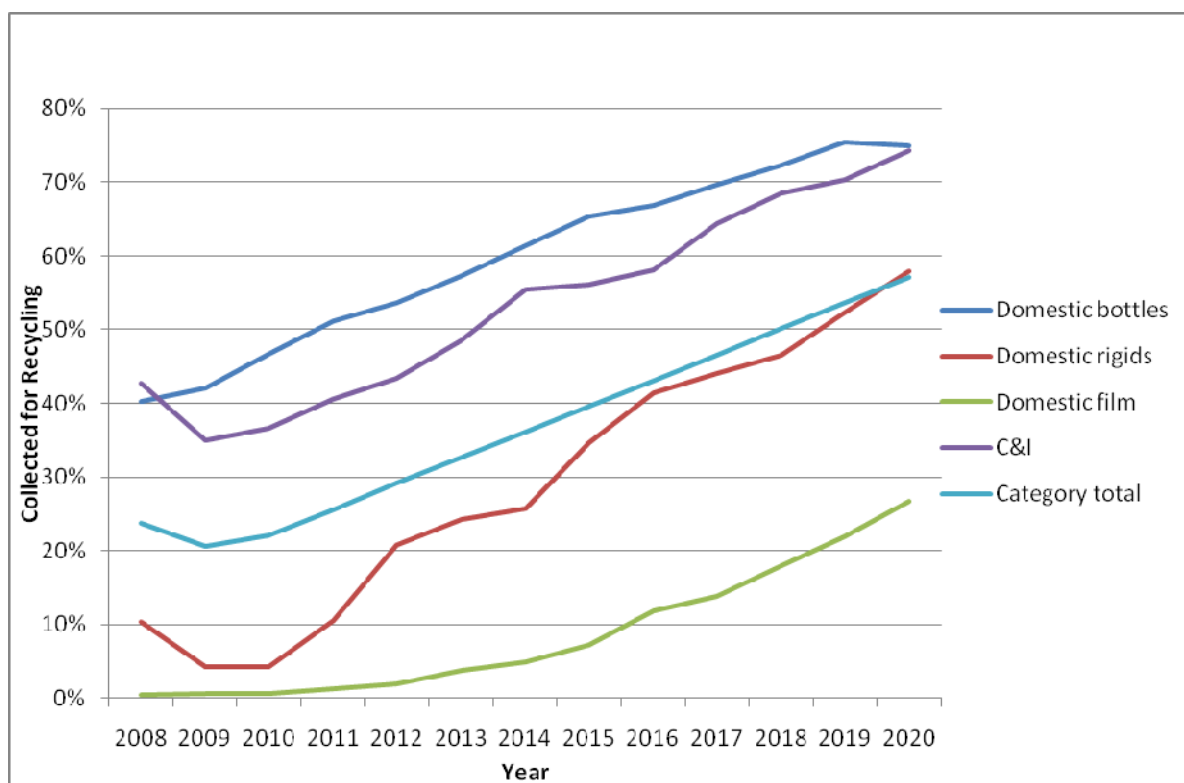
	2010	2011	2012	2013	2014	2015
Domestic bottles	578,550	587,228	596,037	610,938	626,211	641,866
Domestic rigids	466,900	473,904	481,012	493,037	505,363	517,997
Domestic film	742,980	754,125	765,437	784,572	804,187	824,291

C&I	690,200	700,553	711,061	728,838	747,059	765,735
Total Plastic	2,478,630	2,515,809	2,553,547	2,617,385	2,682,820	2,749,890

	2016	2017	2018	2019	2020
Domestic bottles	657,913	674,361	691,220	708,500	726,213
Domestic rigids	530,947	544,221	557,827	571,772	586,066
Domestic film	844,899	866,021	887,672	909,864	932,610
C&I	784,879	804,501	824,613	845,228	866,359
Total Plastic	2,818,638	2,889,104	2,961,331	3,035,364	3,111,249

6.7 The proposed overall targets for plastic could be achieved by setting targets on the specific streams to deliver the levels of recycling illustrated in Figure 2. These are based on estimates of the specific streams arising and on predicted ability to extract them from the overall waste stream. It shows an obvious focus on the bottles and C&I streams, though in the later years there will be a need to exploit the domestic rigid and domestic film fractions.

**Figure 2: Estimated achievement level by plastic sub-stream**



6.8 However, this data is not currently robust enough to underpin targets for the specific sub-streams. Therefore, a first stage in this process will be to obtain better data for each sub-category of plastic. Current thinking is that the easiest way to do this would be to change the reporting forms filled by sellers and importers to reflect the proposed split. In order to give producers time to adjust, we would propose to start collecting this data for obligation year 2011, with the intention of introducing sub-targets for the identified plastic streams to start in 2013.

6.9 Quantified proposals for split targets would be subject to a separate public consultation.

**Q.12** Do you support government's proposal in principle to split the plastics target?

We would welcome views from producers regarding the administrative burden of the proposed change in data collection.

If you are a local authority, a waste management company or a member of the public, we would welcome your views on our analysis of what this proposal would mean for you.

If you are an accredited exporter or reprocessor, please give us your views on the likely impact of this proposal on your business.

# Chapter Two – Improving Transparency

## 1 Material and financial flows – a quick explanation

1.1 To show they have discharged their legal obligation to recycle and recover packaging waste (described in Section 1 of Chapter 1), packaging producers must obtain evidence in the form of Packaging Waste Recovery Notes (PRNs) and Packaging Waste Export Recovery Notes (PERNs).

1.2 These evidence notes are issued by accredited packaging waste reprocessors and exporters, respectively. An accredited reprocessor/exporter can issue PRNs/PERNs to the amount of waste reprocessed (e.g. 100 tonnes of steel reprocessed allows the reprocessor to 'sell' 100 PRNs in steel). Proceeds from their sale to producers are intended to finance improvements in the collection and reprocessing infrastructure across the UK.

1.3 The evidence notes have two functions. Firstly, they are a 'counting tool' for the amount of recovery/recycling undertaken on the behalf of producers. Secondly, they are a way to channel producer funding to recycling/recovery operations, where producers do not do their own recycling.

1.4 PRNs/PERNs have a market value which depends on relative supply and demand (and perceptions of scarcity). The value of PRNs/PERNs is not proportional to the value of material. The total economic value of a tonne of material in this context is the combination of the intrinsic value of the material plus the PRN value at the prevailing rate based upon supply or demand.

1.5 Therefore, a low value material may be collected because it is subsidised by the added value of the PRN, in order to meet the targets. Equally, a high value material may be collected for its own worth even if recycling targets have been met (eg aluminium and high value polymers). If there is insufficient packaging recycling to achieve the targets, the PRN price will increase, thereby making more recycling happen at an economic rate for the operators.

1.6 The more difficult or expensive materials are to collect and recycle, then the smaller the quantity that gets recycled, and therefore the more expensive the PRN/PERN. And conversely.

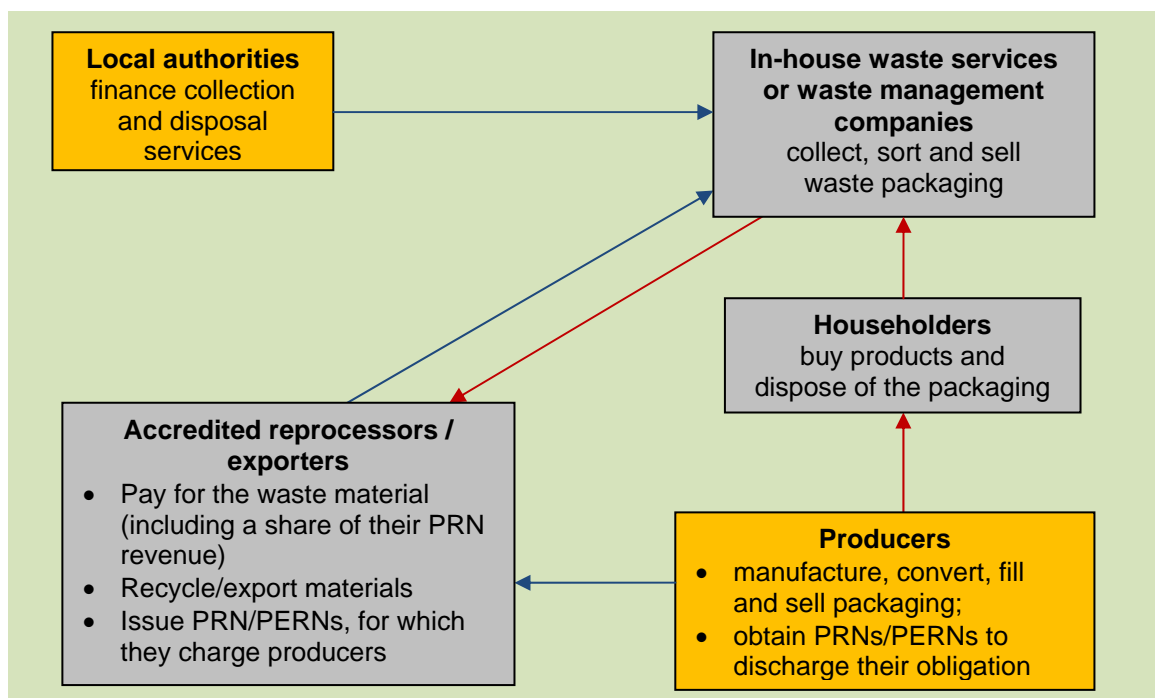
1.7 Similarly, the more limited the available reprocessing capacity or the demand for the material, then the smaller the quantity that gets recycled, and therefore the more expensive the PRN/PERN. And conversely.

1.8 Figure 3 below shows the flow of materials (in red) and the funding flows (in blue) between the key actors in the household packaging chain.

1.9 For commercial waste and industrial waste, the situation is similar in many respects, though businesses pay waste management companies (or local

authorities) to collect their recyclable waste, or they may have direct contracts with reprocessor or exporters.

**Figure 3: illustration of materials (red) and financial (blue) flows in the packaging chain, household stream only.**



## 2 Why transparency matters

2.1 Chapter 1 of the Packaging Strategy<sup>18</sup> describes why the effects of producer funding may not be visible to local authorities (who are responsible for the management of household packaging waste), or indeed to the producers who acquire the evidence notes.

### Example

A large retailer has an obligation of 10,000 tonnes split between paper, glass and plastic. They acquire glass PRNs via their Compliance Scheme from Reprocessor R.

R uses the PRN revenue received to support the price they pay to Waste Management company W for glass cullet collected from households. R is not obliged to inform the Compliance Scheme of how it has used the PRN revenue.

<sup>18</sup> Defra, BIS, Scottish Government, Welsh Assembly Government and Northern Ireland Executive, *Making the Most of Packaging, A Strategy for a Low-Carbon Economy* (2009); <http://www.defra.gov.uk/environment/waste/producer/packaging/documents/full-packaging-strategy.pdf>

W provides waste collection services for Local Authority A. Because of the higher price received for their cullet through PRN support, W can potentially offer A those services at a reduced price, but is unlikely to mention this in contractual negotiations.

2.2 This lack of visibility matters for two reasons:

- Without greater visibility of this funding, local authorities may not consider making the changes to their service which will be necessary for higher recycling targets to be achieved. Local authorities need better information about financial flows, so they are able to make informed planning decisions, or have informed discussions with their waste contractors. If nothing changes, the extra producer funding which should result from higher packaging recycling targets could remain invisible to them. It may in fact subsidise collections, but may remain diluted as part of other revenue streams (e.g. value of materials).
- Producers are unable to report (e.g. to their boards or shareholders) on what the funding they provide goes towards, beyond the mere fulfilment of a legal obligation. They need assurance that their money is going where it is needed to make a difference to recycling and recovery rates, especially in the context of increasing targets, when their compliance costs will rise.

2.3 Chapter 6 of the Packaging Strategy commits government to making the system more transparent. **This chapter sets out options for doing so**, formulated with the input of the Advisory Committee on Packaging (ACP) and its Taskforce on Targets and Transparency. These options include:

<ul style="list-style-type: none"> <li>• Maximising the effectiveness of the current reporting system</li> <li>• Revised categories for reporting PRN/PERN revenue expenditure</li> <li>• Automatic reconciliation of revenue against expenditure</li> <li>• Reports on expenditure in percentage terms for each accredited reprocessor/exporter</li> </ul>	<p>Subject to the views expressed during the consultation, government intends to take these forward, in combination with each other.</p>
<ul style="list-style-type: none"> <li>• Compulsory independent auditing of spend against PRN/PERN revenue</li> <li>• Publication of individual/sectoral PRN spend</li> <li>• Two-part evidence note</li> </ul>	<p>Subject to the views expressed during the consultation, government does not intend to take these forward.</p>

### **3 Maximising the effectiveness of the current reporting system**

3.1 In informal discussions, stakeholders asked that ways of making the current system work better be considered first. Therefore, together with the environment agencies which enforce this across the UK, we are proposing possible stronger enforcement of reporting.

3.2 A reprocessor or exporter of packaging waste who wishes to be accredited must submit a business plan. If the relevant agency is not satisfied with the business plan, they may refuse the accreditation. In order to make it easier to assess the content of business plans, we propose to amend the Regulations to require a business plan to be submitted in a format agreed by the relevant Agency. This business plan will include projections for PRN / PERN revenue, planned expenditure on each of the new reporting criteria, and timescales for such expenditure.

3.3 It is a condition of accreditation that reprocessors and exporters must as far as possible implement the business plan. In order to make it easier to reconcile expenditure against the business plans, we propose that the categories that the business plan should include be changed to match the revenue report. Further, any unspent revenue should be shown to roll over into the following year's report. We propose an amendment to paragraph 1 (o) (ii) of Schedule 5 to include a requirement for the revenue report to include a written explanation of any deviation from the business plan. The proposed amendment will have a cost implication for the required amendments to NPWD.

3.4 If accredited reprocessors and exporters have accreditation refused or suspended, the relevant agencies will inform compliance schemes and producers so that they can take account of this in their operational plans.

3.5 At the moment, under the terms Regulation 24 (2)<sup>19</sup> of the Packaging Regulations the environment agencies may suspend the accreditation of exporters and reprocessors if these have not complied with PRN/PERN reporting requirements throughout the year. However, this remedy only works if reprocessors and exporters re-accredit from one year to the next. In practice, some of the businesses will make a decision on the basis of market conditions at the time. A proportion of them will not seek re-accreditation at the start of the year, and therefore no meaningful action can be taken against them. .

3.6 To address this, some members of the ACP Taskforce on Targets and Transparency have suggested that a fixed penalty for non-reporting of expenditure should be introduced under the powers available to the Environment Agency in England and Wales through the Regulatory Enforcement Sanctions Act. Defra proposes to amend the Packaging Regulations to make these powers available, through the legislation implementing the Regulatory Enforcement Sanctions Act. This would be subject to a separate consultation. This would not apply to Scotland

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<sup>19</sup> Regulation 26(1) of The Producer Responsibility Obligations (Packaging Waste) Regulations (Northern Ireland) 2007

who have a different legal system. Northern Ireland would have to introduce a new offence under their Regulations.

**Q.13** Do you agree with these proposals? If not, please set out an alternative which you think would work better but achieve the same results.

We would welcome your views on the expected benefits and disadvantages set out in this proposal, especially if your business stands to be directly affected by them.

## 4 Revised categories for reporting PRN/PERN revenue expenditure

4.1 At the moment, accredited reprocessors and exporters are required to report the PRN/PERN revenue spent for each material against the following categories in NPWD, at the end of each compliance year:

Total Evidence Sum	Future Reprocessing Investment (%)
Total Revenue Received	Future Collection Investment (%)
Average price per tonne	Future Recyclate Investment (%)
Carryover Waste	Other Future Investment (%)
Surplus Waste	Other Future Investment Details
Current Reprocessing Investment(%)	Current Reprocessing Investment (£)
Current Collection Investment (%)	Current Collection Investment (£)
Current Recyclate Investment (%)	Unspent Revenue (£)
Other Current Investment (%)	Unspent Revenue Reason
Other Current Investment Details	

4.2 These categories refer back to the information required in the business plans submitted by reprocessors and exporters as part of the accreditation process, described in Regulation 24 (1) (c).

4.3 Feedback from the environment agencies as well as NPWD users suggests that better defined expenditure categories and better guidance are needed to capture more accurately what producer funding is used for.

4.4 Working with the ACP Targets and Transparency Taskforce, government has developed more specific categories. We propose that the reporting categories should now be:

Proposed heading	Description
Collected material price support	Funds used to increase the price paid to collectors/material suppliers (whether local authority or waste company).
Collection infrastructure	Funding of capital investments, which may be spread over a number of years, in additional collection infrastructure, e.g. collection banks. Funding of non-capital infrastructure to improve collection quality

	(e.g. staff training)
Consumer communications	Development of communications strategy and campaigns or provision of material to communicate with and encourage greater recycling amongst consumers. This can be joint with local authorities or part of a trade body-run project.
Material sorting or pre-treatment	Funding of capital investments, which may be spread over a number of years, in additional sorting or pre-treatment infrastructure, e.g. MRF quality improvement investments, additional separation equipment. Funding of non-capital infrastructure to improve sorting quality (e.g. staff training)
Reprocessing capability	Funding of capital investments, which may be spread over a number of years, in additional reprocessing capability infrastructure, e.g. equipment to increase the use of recycled feedstock
Recyclate price support	Funding used to offset operational costs by reducing the price of output recyclate materials sold so that they can compete favourably with virgin materials.
Administration	Covering the costs of complying with mandatory reporting and registration requirements under the Regulations (including audit requirements).
Carried over for future investment	Amount not spent during the compliance year

4.5 Approximations or reasonable estimates would be acceptable.

4.6 Regulation 24 (1) (c) and paragraph 1(o) of Schedule 5 would be amended to reflect the new categories, as would the forms and associated guidance produced by the environment agencies. This would align the categories which reprocessors and exporters have to use in their business plans with those they would report on at the end of the year.

### Material sub-categories

4.7 Currently there is no greater level of detail reported than the six main material types: paper, glass, steel, aluminium, plastic and wood. If and when targets are being set for types of material – which is on the cards for glass and plastics – it will become useful to have information about reprocessing/ exporting capacity for sub-materials, and the impact of producer funding. So we are seeking views on requiring accredited exporters and reprocessor for these materials to report on the tonnage reprocessed or exported (as well as the funding associated) against the following headings:

<i>Glass</i>	<i>Plastic</i>
Green	Bottles
Amber	Domestic rigid packaging
Clear	Domestic film

Mixed – from kerbside sort  
Mixed – from MRF

Crates and other C&I packaging  
Other

4.8 This is not expected to be an onerous task because most reprocessors will only deal with one or two types and will have this data readily available.

**Expected advantages:**

4.9 The proposed categories would allow producers, as well as government, to have a much improved overview of where producer funding is flowing. Coupled with the proposal in this chapter to reconcile expenditure with revenue automatically, it should give a better view of the extent to which various parts of the recycling chain are benefiting from producer funding. It would facilitate greater accountability for the use of the funds at all levels in the packaging recycling chain. We expect that the increased visibility would make it more likely that producer funding would flow to activities which will build the capacity of the recycling system.

4.10 The information on PRN/PERN spend for individual reprocessors and exporters would not automatically be published by the Agencies, but producers and compliance schemes could make its availability a condition of their contract. For reprocessors and exporters, this could be a way of differentiating their PRN/PERN offer from the competition's.

**Expected disadvantages:**

4.11 The additional reporting is expected to increase administrative burdens on accredited reprocessors and exporters, at least for the first year in which this proposal comes into operation. Reprocessors and exporters could choose to pass down any financial costs accruing from the extra requirements to producers in whole or in part, in the form of slightly higher PRN/PERN prices.

**Q.14** Do you agree with the proposed change in reporting categories? If not, please set out an alternative which you think would work better but achieve the same results.

We would welcome your views on the expected benefits and disadvantages set out in this proposal.

**If you are an accredited reprocessor/exporter**, please give us an estimate, in staff days, of how much longer it would take your business to collate the information in the form requested, compared to what you are having to report now

- a) The first year this came into force (for new reporting categories? For sub-material?)
- b) Subsequent years (for new reporting categories? For sub-material?)

## 5 Automatic reconciliation of revenue against expenditure

5.1 At the end of each compliance year, accredited reprocessors and exporters have to complete a return, through the online National Packaging Waste Database (NPWD), to let the agency they are registered with know how much, PRN/PERN revenue they have received and how much of it has been spent on developing collections, processing capacity of markets for UK packaging waste in that year.

5.2 Data from the Environment Agency (EA), the Scottish Environment Protection Agency (SEPA) and Northern Ireland's Environment Agency (NIEA) for 2008 show that the agencies only received detailed breakdowns from reprocessors showing the broad categories of expenditure for about £72m<sup>20</sup>, out of an estimated total PRN/PERN revenue of about £92m.

5.3 Reporting on this at the end of the compliance year is already a legal obligation under paragraph (1)(o) of Schedule 5 to the Regulations.

5.4 Perhaps the easiest way of obtaining better data is to build into the reporting form an automatic validation function, which would:

- Prompt users to have to enter a value for each of the reporting categories (even if it is zero).
- Add up all the entries and compare with the reported total PRN/PERN revenue raised for each material by that reprocessor/exporter. The system would not allow the user to complete the reporting until the two sets of figures matched.

5.5 This should not be a new burden on reprocessors or exporters. The majority already comply with the requirement to complete this return. The environment agencies already chase exporters and reprocessors for this information as part of their normal practice.

5.6 If the transaction cannot be completed, then the business in question will be considered not to have fulfilled their reporting obligations under Schedule 5 of the Regulation, and the environment agencies may therefore suspend accreditation or refuse re-accreditation.

### **Expected advantages:**

5.7 This proposal would not result in new burdens on accredited reprocessors and exporters.

5.8 The new system would allow producers, as well as government, to have a much improved overview of how much money is flowing through the system. Coupled with the first proposal in this chapter (new reporting categories, above), it should also give a better view of which parts of the recycling chain are benefiting

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<sup>20</sup> Data on the use of PRN revenue reported by reprocessors to the competent authorities (EA, SEPA and NIEA) for 2008. See <http://npwd.environment-agency.gov.uk/>.

from producer funding, which could facilitate greater accountability for the use of the funds at all levels in the packaging recycling chain.

**Expected disadvantages:**

5.9 This proposal would not, on its own, address current concerns about the accuracy of the data reported. It is acknowledged that unless it is made mandatory for PRN/PERN revenues to be accounted for separately from other business revenues, it will be difficult for businesses to be totally accurate about what the money was used for.

5.10 The one-off cost of changing the NPWD database is expected to be about £210,000. No decision has yet been made on who (taxpayer or industry) should bear that cost.

5.11 The additional administrative burden on the agencies in terms of helping/guiding/acting on results of reconciliation is expected to be modest.

**Q15.** Do you agree with the proposal for automatic reconciliation? If not, is there another mechanism which in your view would work better and fulfil same objectives?

We would also welcome your views on the expected benefits and disadvantages.

## **6 Reports on expenditure in percentage terms for each accredited reprocessor/exporter**

6.1 If the Agencies are given power to specify the common format of business plan / annual returns, it may be possible, with suitable modification of NPWD to automatically generate a report indicating, for each reprocessor / exporter the **percentage** of funds committed in each category set out in 4.1 above (including money that has not been spent).

6.2 Commercial confidentiality would be maintained, since this approach would not disclose any absolute amounts of revenue or any other absolute amounts. At the same time, if automatic reconciliation is adopted (Section 5 above) this would help producers and local authorities see where their money is going, help their planning and may allow them to consider the decisions of reprocessor/exporters in applying PRN/ PERN funding when they are negotiating contracts.

**Q16.** Do you agree with the proposal for percentage reports on the way individual businesses have spent PRN/PERN revenue ? If not, is there another mechanism which in your view would work better and fulfil same objectives?

We would also welcome your views on the expected benefits and disadvantages.

## **7 Other options**

7.1 Other options were considered by the ACP and its Taskforce on Targets and Transparency, or suggested by other stakeholders. We do not, at this stage, regard these options as viable for the reasons outlined below, and do not propose to take them forward. However, they are included for the sake of completeness, and we welcome your comments.

### **Publication of individual or sectoral PRN spend**

7.2 Under this option, accredited reprocessors and exporters would have to publish a report showing how the PRN money has been spent at the end of the compliance year, for example on their website or as part of their Corporate and Social Responsibility reports.

7.3 In its most stringent form, this could mean publishing the data they will have to enter into NPWD under the new expenditure categories. A less stringent alternative could be to publish a summary of activity without detailed figures. A few reprocessors already publish yearly reports of this kind.

7.4 While these proposals would have a direct impact on the transparency of the use of producer funding, reprocessors and exporters have pointed out that this information could be used to their detriment by competitors. This would be a major barrier to compliance, and is likely to discourage the majority from getting accredited.

7.5 An alternative to compulsory individual publication could be publication of figures on a sectoral basis (managed by trade bodies for the various materials), either on a compulsory or a voluntary basis. In our informal consultations, some recognised a voluntary approach would be beneficial, though they stressed it requires a coordinated approach for the whole sector to do this. Government will keep the option of a voluntary approach under review, and intends to seek further advice from the ACP on this in 2010.

### **Compulsory independent auditing of spend against PRN/PERN revenue**

7.6 At the moment, the environment agencies audit the issuing of evidence notes, to ensure that the number issued matches the amount of materials accepted at the gate/loaded onto ships. For reprocessors and exporters handling over 400 tonnes, this must be independently audited. But the agencies have neither the duty nor the technical expertise to audit how much PRN/PERN revenue received was spent against each of the reporting categories.

7.7 To address this, one option would be to require accredited exporters and reprocessor to seek independent audit of this expenditure, as a condition of accreditation. This would replace the current auditing requirements.

7.8 This option could work in tandem with revised categories of expenditure. It is an alternative to automatic reconciliation through NPWD.

## **Expected advantages**

7.9 Independent auditing would provide greater clarity regarding both the revenue received and the expenditure against it. It should deliver greater accountability to producers by facilitating informed contractual decisions by producers.

## **Expected disadvantages:**

7.10 The cost of independent financial auditing is likely to be £2,000-£5,000, depending on the size and complexity of the business being audited. As a matter of comparison, the current audits that these proposals would replace cost in the region of £2,000.

7.11 In theory, reprocessors and exporters could choose to pass down these additional financial costs to producers in whole or in part, in the form of slightly higher PRN/PERN prices. But it could penalise small reprocessors and exporters, who have fewer tonnes over which to spread this and are not required to provide any audit at present.

7.12 Beyond the additional costs, some reprocessors and exporters may find the additional scrutiny is a dis-incentive for them to accredit. In materials where PRN/PERN prices make up a relatively high proportion of the value of material, this may not be a big problem but it may bite when the PRN/PERN prices are deemed too low to warrant the total accreditation costs.

7.13 There may also be some genuine difficulty in distinguishing PRN spend from other planned investment and funding from other sources.

## **Two-part evidence note**

7.14 This would see a change in the way the evidence note for packaging works, to make it more similar to what happens at the moment in the Waste Electrical and Electronic Equipment regime. In essence, producers would have to seek evidence that the tonnage they are obligated for has been collected, and separate evidence to document that the appropriate tonnage has been reprocessed or exported for recycling. The evidence would only count against the producer's obligation when *both* parts have been obtained.

## **Expected advantages**

7.15 For those producers who do not organise their own waste collection, separate payments would need to be made to obtain evidence from waste management companies or local authorities. These could in time reflect in a truer fashion the ease/cost (or otherwise) of collecting various materials.

7.16 This option would still make revenues available to reprocessors and exporters, though maybe at a lower level.

## **Expected disadvantages:**

7.17 These advantages, although significant, are dwarfed by dis-benefits linked to the administrative complexity of such a system. There are considerably more collectors of packaging waste than there are reprocessors as such the agencies' enforcement activities would need to increase substantially. Fraud risks would be very significant. Finally, the imbalance in negotiating experience could have an impact on the flow of the revenue to collectors, especially local authorities.

### **Permitting**

7.18 The ACP Taskforce on Targets and Transparency asked whether we could regulate to require reprocessors and exporters to report the packaging tonnages they handle. This could in principle be done through the waste permitting system, if one of the criteria for obtaining a permit was reporting of packaging tonnages. This would negate the need for a PRN system, and the requirement (and some of the cost) of accreditation. e.g. as a permitting condition.

7.19 However, this major change to the packaging regulatory system would work only until end-of-waste criteria were adopted. At that point, those businesses will no longer need permits, and so government's ability to obtain data to fulfil its EU obligations would lapse. It would have to reinstate a separate system. Because the situation relating to end of waste criteria is not clear, i.e. when and if they are adopted, this is not regarded as a priority.

**Q17.** Do you think any of these options should be pursued, and if so, what are the benefits and costs you think would arise?

Are there any other options that would work better and fulfil the same objectives?

# Chapter Three - Technical Changes And Clarifications

This chapter sets out a variety of technical changes and clarifications that have been proposed by the Environment Agencies and the Advisory Committee on Packaging (ACP).

These 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 confusing, removing material that is no longer needed and ensuring that the Regulations are consistent in their treatment of both individual registrants and compliance schemes.

## 1 Convertor and Packer/Filler Obligations

1.1 The suggested change aims to clarify who is responsible for the convertor obligations in cases where the final converting process takes place at the packer/filler stage.

1.2 Paragraph 1(2) of Schedule 1 to the Regulations provides that where the functions of a convertor and a packer/filler are performed by a person at the same time and as part of the same packing/filling process, that person will only pick up the packer/filler obligation and not the convertor obligation.

1.3 The interpretation of this Regulation is causing some confusion because, in practice, there is inevitably some delay, no matter how short, between the final converting process and the first filling process. For example, in respect of the blowing of pre-form bottles and the filling of the packaging, a strict interpretation of the Regulations would lead to the packer/filler picking up both sets of obligations, as the packer/filler has to inflate the bottle before filling (and so performs the final converting activity).

1.4 This was not the intention of the Regulations. The Regulations were intended to have those undertaking the 'converting' activity pick up the convertor obligation, so that in the above example the bottle maker would be the convertor, not the company that fills the bottle (i.e. the manufacturer of the pre-form bottles not the company who erects the cartons, fits the lid, etc.).

1.5 Therefore, we propose to amend the wording in paragraph 1(2) of Schedule 1 of the Regulations, in order to make it clear that there may be a gap between the convertor and packer/filler functions but that these must both form part of the same packing/filling process for the provision to apply. Removing the wording "at the same time" would give the relevant Agencies greater discretion in respect of what may be considered a packer/filler carrying out a final convertor operation and filling the packaging as part of the same process.

1.6 Suggestions have been made that the definition of 'converters' should be amended. We have considered this carefully, and have come to the conclusion that it would not solve the particular problem at hand.

1.7 The proposed change is likely to be cost neutral, though the apportionment of costs will change. Some companies may pick up higher costs than under the present system, but there will be other groups who will have lower costs.

<b>Q.18</b> Do you agree with the above technical change being made?
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## 2 Status of Offshore Platforms

2.1 The current definition of “packaging waste” specifically excludes packaging that becomes waste outside the United Kingdom. This has led to some confusion as to whether packaging which is transported to marine structures (such as oil or gas rigs) is classed as being exported and so whether it should attract an obligation.

2.2 This material should come within a producer’s obligation as it is brought back into the UK for disposal. It should be counted as part of the obligation of the person who sent it to the marine structure.

2.3 We therefore propose that marine structures, including offshore platforms be excluded from the threshold test exclusion in Schedule 1, paragraph 4(2)(b)(iii).

2.4 There over 300 oil and gas in operation on the UK continental shelf. These generate an estimated 15,585 tonnes of general waste and segregated recyclables. A proportion of this will be packaging waste which is disposed of in the UK.

2.5 This cost of recovering and recycling this material is currently being borne by other parts of the packaging chain. This change will ensure that the cost of recovering and recycling this packaging is paid for by the producers of that packaging.

<b>Q.19</b> Do you agree that packaging sent to offshore oil platforms should form part of the UK’s recovery/recycling obligation? If not, please provide details.
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If you are an obligated packaging company supplying packaging to an offshore platform, we would welcome any cost estimates of this change for your business.
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## 3 Independent Audit Reports

3.1 Paragraph 1(p) of Schedule 5 currently requires a reprocessor or exporter to submit an independent audit report (IAR) if they undertake to issue PRN’s and PERN’s on more than 400 tonnes of material.

3.2 The environment agencies have reported that the independent audit reports are no longer a useful tool in monitoring compliance (and duplicate activities already undertaken as part of site inspections) and as such are an unnecessary burden on business. For the last 2 years, SEPA have not required the submission of an IAR, with no detrimental effect to the monitoring process. Therefore we propose to remove this requirement.

3.3 A total of 143 reprocessors and exporters were required to provide IAR’s 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**, as well as saving the resource time associated with review and verification of these reports by the relevant agency.

**Q.20** Do you agree that the requirement for reprocessors and exporters to provide independent audit reports should be removed from the Regulations? If not please give details.

If you are an accredited reprocessor or exporter, please tell us what savings this would result in for your business.

## 4 Part C Fees

4.1 An exporter of packaging waste who wishes to export packaging waste to a reprocessor outside the European Union must submit a Part C form to the relevant Agency. Based on the evidence provided the Agency will accredit the overseas reprocessing site, thereby allowing the exporter to be able to generate PERNs for the material to be exported to that specific site.

4.2 A Part C form includes essential information on the destination reprocessor and the specific reprocessing site/facility. The relevant Agency must then process this Part C form, checking the data provided and confirming all relevant details.

4.3 For an exporter who wishes to send material to further overseas reprocessors in addition to those previously submitted in their application for accreditation there is currently a flat fee of £110 that covers an unlimited number of extra part C forms. This fee was based on the view that exporters would perhaps request the addition of perhaps 1 or 2 reprocessors, which happen to have been omitted from their application for accreditation. In practice, however, such supplementary requests have included many more Part C forms and the £110 flat fee has not covered the relevant Agencies costs for processing these.

4.4 To ensure that the relevant Agency is able to recover the full costs associated with processing Part C forms, we propose to amend Part V Regulation 24(7) to a fee structure that closely reflects man-hours expended during the processing of these applications, namely £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.

4.5 The revised fee should have a limited impact, due the relative value of materials and the potential for additional PERN revenue from the export of packaging waste materials to any additional sites.

4.6 The proposed amendment will cost UK exporters accredited under the Regulations an estimated additional **£26,295**. This cost is currently being borne by the relevant Agencies.

**Q.21** Do you agree with the proposed fee structure for Part Cs? If not, please give details.

## 5 Small Subsidiary Companies and the Allocation Method

5.1 The allocation method is a mechanism whereby small producers can determine their obligation based solely on turnover. It means that, instead of having to record packaging data throughout the year, submit a data form to the relevant agency and calculate the recovery and recycling obligations to be carried out, the producer can choose to have a recycling obligation allocated to them instead. Details of this provision are to be found in regulation 4(4) and paragraphs 7 and 8 of Schedule 2 to the Regulations.

5.2 Regulation 2(2) defines a small producer as a producer who satisfies the threshold tests in paragraph 3 of Schedule 1, but whose turnover is £5,000,000 or less.

5.3 Under the current Regulations, a small subsidiary with a turnover of less than £2million may be obligated because the group of companies to which the subsidiary is affiliated is obligated. Regulation 2(2) currently prevents these small subsidiaries from having an obligation allocated to them in the way that small standalone companies can.

5.4 We propose to amend Regulation 2(2) to allow small subsidiary companies who do not meet the threshold criteria individually to use the allocation method.

5.5 This change will mean that small producers who are part of a subsidiary company will not have to keep data relating to the packaging they handle. This will reduce their administrative burden and thus minimise the costs associated with compliance.

**Q.22** Do you agree with the above technical change being made?

If you are a small subsidiary company with a turnover of less than £2million, please tell us how much time this is likely to save for you per year, and any other savings you may be able to make.

## 6 Registration of class of producers in a scheme

6.1 For monitoring and compliance purposes, the relevant agencies need to know the total number of each class of producer (packer/filler, seller, etc.) obligated under the Regulations.

6.2 Individual producers must inform the relevant agency of what class of producer they are but there is currently no requirement placed on compliance schemes to do the same for their membership.

6.3 The proposed change to Part III Regulation 14(3)(c)(i) will require this information to be provided by compliance schemes as part of the standard data return.

6.4 This change will put a small cost on compliance schemes to provide the information and will provide a small saving to the relevant agencies in carrying out their enforcement activities.

## **7 Requirement for small producers who are members of compliance schemes to provide SIC codes**

7.1 Small producers who are members of a compliance scheme currently have to provide SIC information, whereas individual registrants do not.

7.2 The relevant agencies use SIC information to monitor compliance. In order to ensure that the regulations are equitable in their treatment of small producers who choose different methods of complying, we propose to require all small producers to provide SIC information whether they are a member of a compliance scheme or choose to comply individually. This would be done by amending Part III Regulation 14(3)(c)(i)

7.3 This change will put a small cost on individual registrants to provide the relevant agency with the SIC information and will provide a small saving to the relevant agency in carrying out their enforcement activities.

## **8 Obligation to inform the relevant Agency if a company is experiencing financial difficulties**

8.1 Under the current provisions, there is no requirement on companies which are experiencing financial difficulties, including the appointment of a receiver, entering administration or the approval of a voluntary arrangement under Part 1 of the Insolvency Act 1986, to inform the relevant agency of their status.

8.2 Having to find out the status of a company, often long after it has encountered financial difficulties, places an unnecessary burden on the Agencies. It delays the administrative tasks associated with a company going into liquidation or receivership, such as cancelling access to the National Packaging Waste Database (NPWD), and potentially leaves the system open to abuse (e.g. through the malicious buying and selling of PRN/PERNs by reprocessors or exporters who continue to issue evidence when it is clear that they cannot fulfil these contracts).

8.3 To close this loophole, we propose to insert an additional regulation at 22(A). This change will put a small cost on companies experiencing financial difficulties to inform the relevant agency of their situation and will provide a small saving to the relevant agencies in reducing the time taken to carry out their administrative duties.

## **9 Approved Persons**

9.1 Individual producers are currently required to ensure that all submissions are signed by an approved person, whereas compliance schemes are not. This places an unnecessary burden on the relevant agency to track down the person within a compliance scheme who is responsible for the submissions

9.2 Amending Regulations 14(3)(c) concerning the registration of a scheme, regulation 22(4) concerning the annual statement of compliance, regulation 2(2) creating a new definition of approved persons and regulation 34 to expand to cover persons who may be approved for the purpose of signing forms and statements in relation to scheme operators. To apply this requirement to compliance schemes will

ensure that the relevant Agency is able to identify quickly and easily the person responsible for a submission from a scheme.

9.3 This change will put a small cost on compliance schemes to ensure that all submissions are signed by an approved person and will provide a minor saving to the relevant agencies when carrying out their enforcement activities.

## 10 Compliance Scheme Approval

10.1 Under current provisions, compliance schemes must supply the Secretary of State with information which demonstrates the requirements contained in Regulation 13 in order to gain approval to operate.

10.2 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.

10.3 To address this, we propose to add a new provision in Regulation 14(4), so that a scheme must register in the year in which it has been approved and must reapply for approval if there is a break in their annual registrations.

**Example:** If an operator has their scheme approved in 2010:

(a) They must register the scheme for the compliance year 2011 in 2010 or by 7<sup>th</sup> April 2011, or they will have to make a fresh application for scheme approval (for operation in subsequent years).

(b) If they register their scheme by 2011, operate in 2011, 2012 and 2013, do not register for 2014, but want to register for 2015, they must make a fresh application for scheme approval and have this registered.

10.4 The proposed change 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. The change will clarify the Regulations and provide assurance for the relevant agencies when registering schemes.

## 11 Reprocessor/exporter change of status

11.1 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.

11.2 This causes confusion for the affected reprocessor/exporter, and it also creates difficulties for the relevant Agency as they have no clear date by when to take enforcement action.

11.3 To clarify, we propose to amend regulation 24(6) introduce a 28 day deadline from the date of the breach for the reprocessor or exporter to pay the additional fee to the relevant Agency. Failure to comply with this deadline will be a breach of

reprocessor/exporter conditions and will lead to suspension of accreditation under Schedule 5 paragraph 1(s) of the amending regulations.

11.4 This change will have no significant costs and will benefit both reprocessors/exporters and the agency by providing a clear deadline for payment of the fee.

## **12 Evidence of Scheme Approval**

12.1 As part of the registration process at the beginning of every compliance year, compliance schemes are required to provide evidence of approval to operate, in the form of an approval letter from Defra.

12.2 This is an unnecessary administrative burden for compliance schemes. This requirement often means that compliance schemes which have been registered for many years have to submit their initial approval letter, which may have been issued many years ago. Evidence of approval should only be required from new registrants or if there has been a break in the annual registrations of a compliance scheme.

12.3 Therefore we propose to amend regulation 14(3)(e), to require only newly approved, or reapproved Compliance Schemes to provide evidence of approval to the relevant Agency.

12.4 This is an administrative change that will provide a small reduction of the administrative burden on compliance schemes.

## **13 Exporter/Reprocessor returns**

13.1 The Regulations currently include two important deadlines in February for reprocessors and exporters of packaging waste.

- 15<sup>th</sup> February - All PRNs and PERNs that have not been issued to producers or to compliance scheme operators must be submitted to the relevant Agency.
- 28<sup>th</sup> February - A report on the tonnage of packaging waste received and the tonnage reprocessed as well as the number of PRNs/PERNs issued during the quarter must be submitted to the relevant Agency
- 28<sup>th</sup> February - A report on the tonnage of packaging waste received and the tonnage reprocessed as well as the number of PRNs/PERNs issued and the revenue generated by the sale of PRNs/PERNs during the whole of the previous compliance year must be submitted to the relevant Agency.

13.2 Having two deadlines in the same month is unnecessarily burdensome for reprocessors and exporters. We therefore propose to amend schedule 5 regulation 1(g) to provide a single key date of the 28th February for reprocessors and exporters to provide submissions to the relevant Agency.

13.3 This change will have no significant costs and will benefit both reprocessors/exporters and the agency by providing a clear, single deadline in February for the submission of all data.

## **14 Fee Payments**

14.1 Regulation 7(4)(e) states that applications for registration by a producer should be accompanied by the relevant fee and refers to the previous system of paper based applications. This wording is outdated and confusing.

14.2 Since the introduction of NPWD all applications are submitted electronically and because NPWD does not accept credit card payments it is not possible for the application to be accompanied by the relevant fee.

14.3 We propose to amend Regulation 7(4)(e) to remove the wording of “to be accompanied by the relevant fee” and instead specify the “relevant date” (which under the Regulations is 7th April in the obligation year or the date of the application in certain prescribed circumstances) by which payment must have been received by the relevant Agency in order for the process to be considered complete and the producer registered.

14.4 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 conflict.

## **15 Deadline for Scheme Registration**

15.1 Regulation 7(4)(e) requires compliance schemes to apply for registration by the 7<sup>th</sup> April and are encourages them 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 up until the 15<sup>th</sup> April. This often creates double handling by the relevant agency of the same application when further information is provided by the 15<sup>th</sup> April deadline.

15.2 We propose to remove regulation 7(4)(e) and introduce a new regulation 7(11) and make amendments to schedule 8 regulation 5(c)(iii) and schedule 10 regulation 19(b) to have a single date of the 15th April for compliance schemes to submit all information for registration.

15.3 This should reduce ‘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.

## **16 Submission of Operational Plans**

16.1 Under Regulation 7(4)(f), where a direct registrant has not submitted an operational plan or a revised operational plan, the relevant Agency can refuse their application for registration.

16.2 For compliance schemes, if an operational plan has not been received, the relevant agency is required to register the compliance scheme, then cancel their registration for not complying with the conditions of registration under Regulation 15(g).

16.3 This is a convoluted route which could be simplified by changing the wording of Regulation 14 (3) (f) to mirror that applying to direct registrants. It would also ensure that the Regulations are consistent in their treatment of individual registrants and producers registered via compliance schemes.

16.4 This is an administrative change in the operations of the Environment Agencies which will reduce their administrative burden by a small amount and will have no direct impact on producers or schemes.

## **17 Definition of scheme member**

17.1 The absence of a definition of “scheme member” in the Regulations causes confusion regarding the point at which the legal obligations are passed from the individual producer to the Scheme.

17.2 In some cases, producers have failed to provide data or a fee but have claimed to be a scheme member, thereby evading enforcement action for non-compliance with various regulatory requirements.

17.3 To avoid doubt, we propose to add a requirement to the Regulation so that a producer is only be regarded as a scheme member once it has provided:

- Corporate information
- Packaging data
- The relevant scheme membership fee

17.4 This should have no cost impact on producers or schemes and should provide clarity regarding the legal status of both producers and schemes,

## **18 Updates to Public Register**

18.1 Frequent changes to the information held on accredited reprocessors or exporters in the public register (e.g. changes of address) require the relevant Agency to update the register.

18.2 The requirement in Regulation 33 (4) to maintain the date of any change is an unnecessary requirement. It can be removed without any detriment to the information contained in the register.

18.3 This is an administrative change in the operations of the National Packaging Waste database and the environment agencies which will reduce their administrative burden by a small amount. It will have no impact on producers.

## **19 References to PRN Books**

19.1 Hardcopy PRN and PERN books are no longer used to prove compliance. All evidence is now traded electronically via the NPWD using electronic versions of recovery notes (ePRNs/ePERNs). Therefore all references to and activities associated with hard copy PRN/PERN books in the Regulations are obsolete.

19.2 We therefore propose to remove:

- wording referring to copies of the PRNs/ PERNs in regulation 13(5)(c) (additional conditions for approval of a scheme), as copies will not need to be provided if the PRNs/PERNs are held on NPWD.
- paragraphs 1(h), (j) and (l) of Schedule 5 (relating to blank forms, duplicate copies and the issuing of substitute PRNs/PERNs).

19.3 These changes will ensure that the Regulations are clear and concise. They will have no effect on producers, who have already moved to the electronic system for the acquisition of evidence.

## 20 Deadlines for reporting of obligated data to Defra

20.1 The Regulations currently set a deadline of 31st January for the relevant agency to provide the data to Defra for publication. However, as the deadline for compliance schemes and direct registrants to provide the relevant Agency with their Certificates of Compliance and Schedules of Compliance which contain information on the size of their individual obligations is also the 31st January, it is not feasible in practice for the relevant Agency to meet this deadline.

20.2 We therefore plan to change the deadline for the relevant Agency to provide UK obligation data to Defra to the 28th February in Regulation 36(4)

20.3 This is an administrative change in the operations of the relevant agencies and Defra and will have no impact on producers.

<b>Q.23</b> Do you agree with the above technical change being made?		
If you are a business affected by the proposed changes, please tell us for each of the proposals what saving or cost (as appropriate) you estimate will result from the change.		
	Yes	No, please give details
Small subsidiary companies and the allocation method		
Registration of class of producers in schemes		
Requirement for small producers who are members of compliance schemes to provide SIC codes		
Obligation to inform the relevant Agency if a company is experiencing financial difficulties		
Approved persons		

Compliance scheme approval		
Reprocessor/exporter change of status		
Evidence of scheme approval		
Exporter/reprocessor returns		
Fee payments		
Deadline for scheme registration		
Submission of operation plans		
Definition of scheme member		
Updates to public register		
References to PRN books		
Deadlines for reporting of obligated data to Defra		

## 21 Updates of references and corrections

21.1 A number of pieces of legislation have been updated since the Packaging Regulations were made in 2007, and we would like to take this opportunity to correct a reference within the Regulations.

21.2 We propose to correct the reference to Regulation 15(f) in paragraph 12(h) of Schedule 3 (regarding scheme monitoring plans) with a reference to regulation 12(1).

21.3 The SIC codes (UK Standard Industrial Classification of Economic Activities) are a system for classifying business establishments by the type of economic activity they are engaged in using a four digit code. For example 15.96 is the manufacture of beer, 21.23 is the manufacture of paper stationery. Regulation 2(2) currently refers to the 2003 SIC code index, but this is now out of date and so we propose to update the Regulations to reflect the updated definition in the UK Standard Industrial Classification of Economic Activities, which came into force on 1st January 2008.

21.4 The references to the 1985 Companies Act and the 1989 Companies Act in the Packaging Regulations and the Companies (Northern Ireland) Order 1986 in the Northern Ireland Regulations are now out date, following the entry into force of the Companies Act 2006. Therefore we propose to change all references in the Regulations to accurately reflect the current legislation.

21.5 The reference in Schedule 5 to the Waste Shipment Regulations are out of date, as Regulation 259/93 has been superseded by Regulation EC/1013/2006.

Commission Regulation EC/2557/2001 is also now defunct. We will update these references and also include Commission Regulation 1418/2007 – the ‘Green List’ Regulation - as amended by Commission Regulation 308/2009.

21.6 There are no costs or benefits associated with any of these updates.

## Annex A – INITIAL IMPACT ASSESSMENT

### Annex B LIST OF QUESTIONS IN THE CONSULTATION PAPER

#### Chapter 1

**Q1.** In your view, are our projections for waste arisings reasonably accurate?

Are you aware of any other factors which may affect the levels of packaging 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 the predictions for obligated tonnage reasonably accurate?

Are you aware of any other factors which may affect the levels of obligated tonnage reported? Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Q3.** Do you agree with our proposed targets for paper/board, and our analysis of what they are likely to require? Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Q4.** Do you agree with our proposed targets for glass and our analysis of what they are likely to require? Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Q5.** Do you agree with our proposed targets for aluminium and our analysis of what they are likely to require? We would also welcome your views on how aluminium in composite applications should be accounted for. Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Q6.** Do you agree with our proposed targets for steel, and our analysis of what they are likely to require? Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Q7.** Do you agree with our proposed targets for plastic and our analysis of what they are likely to require? Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Q8.** Do you agree with our proposed targets for wood and our analysis of what they are likely to require? Please provide evidence to support your answer, so we are in a position to adjust our figures as necessary.

**Q.9** Do you support government's preferred option of increasing targets between 2010 and 2020?

If you are a packaging producer, or a compliance scheme we would much appreciate your views on the cost assumptions that we have used in the Impact Assessment. If you are a local authority, a waste management company or a member of the public, we would welcome your views on our analysis of what the proposed targets would mean for you.

If you are an accredited exporter or reprocessor, please give us your views on the likely benefits of higher targets for your business.

**Q.10** What do you think are the reasons for the 'obligated tonnage gap' in glass and plastics? What can be done to reduce that gap (and who should do it)?

**Q.11** Do you support government's proposal to split the glass target in line with end-use and reduce the allowable recycling through aggregates over time?

Have you got any data which would make our estimate of total tonnages of glass going to re-melt, aggregate or other end-uses more accurate? If so please provide it with your response.

If you are a local authority, a waste management company or a packaging producer, we would welcome your views on our analysis of what this proposal would mean for you, including the cost assumptions used in our Impact Assessment.

If you are an accredited exporter or reprocessor, please give us your views on the likely impact of this proposal on your business.

**Q.12** Do you support government's proposal in principle to split the plastics target?

We would welcome views from producers regarding the administrative burden of the proposed change in data collection.

If you are a local authority, a waste management company or a member of the public, we would welcome your views on our analysis of what this proposal would mean for you.

If you are an accredited exporter or reprocessor, please give us your views on the likely impact of this proposal on your business.

## Chapter 2

**Q.13** Do you agree with these proposals? If not, please set out an alternative which you think would work better but achieve the same results.

We would welcome your views on the expected benefits and disadvantages set out in this proposal, especially if your business stands to be directly affected by them.

**Q.14** Do you agree with the proposed change in reporting categories? If not, please set out an alternative which you think would work better but achieve the same results.

We would welcome your views on the expected benefits and disadvantages set out in this proposal.

***If you are an accredited reprocessor/exporter***, please give us an estimate, in staff days, of *how much longer* it would take your business to collate the information in the form requested, compared to what you are having to report now

a) The first year this came into force (for new reporting categories? For sub-material?)

b) Subsequent years (for new reporting categories? For sub-material?)

**Q15.** Do you agree with the proposal for automatic reconciliation? If not, is there another mechanism which in your view would work better and fulfil same objectives?

We would also welcome your views on the expected benefits and disadvantages.

**Q16.** Do you agree with the proposal for percentage reports on the way individual businesses have spent PRN/PERN revenue ? If not, is there another mechanism which in your view would work better and fulfil same objectives?

We would also welcome your views on the expected benefits and disadvantages.

**Q17.** Do you think any of these options should be pursued, and if so, what are the benefits and costs you think would arise?

Are there any other options that would work better and fulfil the same objectives?

### **Chapter 3**

**Q.18** Do you agree with the above technical change being made?

**Q.19** Do you agree that packaging sent to offshore oil platforms should form part of the UK's recovery/recycling obligation? If not, please provide details.

If you are an obligated packaging company supplying packaging to an offshore platform, we would welcome any cost estimates of this change for your business.

**Q.20** Do you agree that the requirement for reprocessors and exporters to provide independent audit reports should be removed from the Regulations? If not please give details. If you are an accredited reprocessor or exporter, please tell us what savings this would result in for your business.

**Q.21** Do you agree with the proposed fee structure for Part Cs  
If not, please give details.

**Q.22** Do you agree with the above technical change being made?

If you are a small subsidiary company with a turnover of less than £2million, please tell us how much time this is likely to save for you per year, and any other savings you may be able to make.

	Yes	No, please give details
Small subsidiary companies and the allocation method		
Registration of class of producers in schemes		
Requirement for small producers who are members of compliance schemes to provide SIC codes		
Obligation to inform the relevant Agency if a company is experiencing financial difficulties		
Approved persons		
Compliance scheme approval		
Reprocessor/exporter change of status		
Evidence of scheme approval		
Exporter/reprocessor returns		
Fee payments		
Deadline for scheme registration		
Submission of operation plans		
Definition of scheme member		
Updates to public register		
References to PRN books		
Deadlines for reporting of obligated data to Defra		

**Q.23** Do you agree with the above technical change being made?

If you are a business affected by the proposed changes, please tell us for each of the proposals what saving or cost (as appropriate) you estimate will result from the change.

