



Havering
LONDON BOROUGH

Jacki Ager (MCIWM)
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Dear Sir / Madam,

Plastic packaging tax: consultation

I enclose forthwith The London Borough of Havering's responses to the above consultation from DEFRA.

Yours sincerely,

Jacki Ager
Waste and External Contracts Manager
The London Borough of Havering

Cleaner, Safer, Prouder Together

About you

Q1. What is your name?

Jacki Ager, The London Borough of Havering

Q2. What is your email address?

jacki.ager@haverling.gov.uk

Q3. Which best describes you? Please provide the name of the organisation/business you represent and an approximate size/number of staff (where applicable).

Local Government - The London Borough of Havering

Q4. Please provide any further information about your organisation or business activities that you think might help us put your answers in context. (Optional)

Local authority carrying out street cleansing operations and waste collection from households.

Q5. Would you like your response to be confidential? Yes / No

No

Chapter 3: Plastic packaging within scope of the tax

6 Do you agree with the government's suggested approach to defining plastic in scope of the tax?

Yes, unless a more worldwide consistent definition is agreed upon. Havering agrees that bioplastics should be within scope, given that this is still a developing area and more investigation needs to be made into whether the polymers within these items might in themselves be deemed recyclable in some instances. As it stands, compostable plastics require more research due to the potential, at this stage, for contaminating the recycling stream.

7 Do you agree with the government's suggested approach to defining packaging and packaging materials in scope of the tax?

Yes, as this will allow materials to be covered throughout the supply chain, particularly materials that aren't necessarily consumer-facing but still contribute towards considerable resource use. In order for the industry to operate sustainably, the approach needs to be as holistic as possible.

8 Is the government's approach to components of plastic packaging consistent with the way businesses operate and packaging is created?

Yes; Havering is of the opinion that the whole of the supply chain has been covered here, although more detailed material flows should be created to ensure full industry coverage.

9 Which of the above options for defining plastic packaging for composite material items do you think works better for the purposes of the tax?

Option 2. This type of packaging is particularly difficult to recycle and therefore more needs to be done to either discourage producers from utilising it (where alternatives exist), or take more responsibility for ensuring its separation and recycling. As part of the Extended Producer Responsibility consultation, Havering has suggested that composite material such as drinks cartons should be in-scope of EPR to ensure that producers are encouraged to seek more sustainable alternatives, and conversely move to this type of container if it were not to be in scope.

10 Do you think alignment with the reformed Packaging Producer Responsibility regulations is important for the purposes of the tax?

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Yes. This will help to stimulate a more closed-loop market, whereby producers are made responsible for the recycling of the packaging they produce, whilst also increasing recycled content within their products. These are, however, two separate responsibilities, and as such there should be no off-setting of, for example, packaging taxes, where producers are fulfilling EPR obligations. That would serve to weaken the system.

Chapter 4: Driving recycled content

11 Do you agree with the government's suggested approach to defining recycled content for the purposes of the tax?

Havering broadly agrees with this approach, however shares the concerns stated in 4.6 around the use of pre-consumer material, and the potential for artificial increasing in manufacturing waste to contribute towards recycled content. This type of practice needs to be regulated accordingly.

12 Are there any environmental or technical reasons to consider excluding any particular ways of recycling plastic?

As in Q11 response, the above methods may then reduce the onus on businesses to consider post-consumer packaging as a potential source of recycled material, although EPR may help to combat this.

13 Is there any way that the proposed approach to defining recycled content could encourage unintended consequences, such as wasteful manufacturing processes?

Please see Q11 and Q12 responses. There should be some recognition around particular products that are already utilising high (if not 100%) levels of recycled content, and how these targets may act as a disincentive to continue to do so. It may be appropriate to issue some sort of credit or rebate system for producers in order to drive continued improvement.

14 Do you agree with the government's preferred approach of a single threshold, and why? If not, what alternative would be better, and what are the risks associated with this?

Not sure. Whilst this is the simplest / least burdensome option, there may be unintended consequences (see Q13 response) and therefore some thought needs to be given to how these could be appropriately mitigated.

15 Assuming a single threshold, do you agree with a 30% threshold for recycled content and why?

Not sure. If this is deemed to be an appropriate starting point, given current levels of recycling within the industry then Havering agrees in principle. However, we recommend that this is regularly reviewed, and that appropriate measures are in place to ensure that producers using higher levels of recycled content are adequately incentivised for either sustained high levels, or for continual improvements.

16 Are there any products for which it would be very challenging to increase the level of recycled content, and why? If so, please outline the effect of a tax on production decisions and consumption of these items.

Don't know; this would be dependent upon further study into regulations around food-grade plastics.

17 Are there any products for which the use of recycled plastic is directly prohibited in packaging? If yes, please provide details on these products stating the relevant legislation and industry standards as well as the effect of a tax on production decisions and consumption of these items.

Don't know; this would be dependent upon further study into regulations around food-grade plastics.

18 What evidence is currently held by liable manufacturers and importers on the levels of recycled content in their plastic packaging and how it might be able to meet the requirements of identifying recycled content levels?

Don't know.

19 If you are an importer of unfilled plastic packaging or plastic packaging material, what information do you hold on the recycled content? What controls or assurance do you have over the accuracy of this information?

How might you influence the level of recycled plastic content?

Not applicable.

Chapter 5: Setting the tax rate

20 Do you agree with the government's suggested approach of setting a flat rate per tonne of a plastic packaging product? Why?

Yes, as this would be the least burdensome way of calculating the tax owed whilst incentivising producers to increase recycled content in order to lower the tax rate.

Chapter 6: Liability for the tax

21 Do you agree with the proposed points at which domestic or imported products would be liable for the tax? If not, at what point in the supply chain do you think the tax point should be and why?

Yes. Havering agrees with the proposed points of tax, however more investigation needs to be given on the influence that brand owners have on packaging manufactured overseas. This may be less of a concern for large brand owners with sufficient buying power, however smaller brand owners or importers may have fewer options without experiencing a sizeable cost impact. Regarding joint and several liability to the tax, Havering agrees in principle, however the criteria and audit trail for proving knowledge of non-compliance would need to be worked out.

22 Are there any situations where the proposed tax points would be administratively, practically or legally difficult? Please explain any adaptations that might be necessary.

Tax points within domestic production should be relatively simple to administer. Option 1 would ensure that any wastage within the manufacturing process is accounted for; Option 2 may leave a loophole where materials not utilised would fall out of scope.

23 If you are a business that produces or imports plastic packaging, how much of your yearly production, in tonnes, would you expect to be liable for the tax?

Not applicable

24 Do you provide (manufacture or import) plastic material which could be used as packaging without knowing the final use of the product? Is this a common occurrence?

Not applicable

25 Would you support extending joint and several liability for UK production, and for imports?

As per Q21 response, Havering agrees in principle, however the criteria and audit trail for proving knowledge of non-compliance would need to be worked out.

26 Please outline any issues in relation to routine wastage or spillage that may have an impact on the tax liability.

As per Q22 response, Option 1 would ensure that any wastage within the manufacturing process is accounted for; Option 2 may leave a loophole where materials not utilised would fall out of scope.

27 Do you agree with the government's initial proposal that the tax at import should only apply to unfilled packaging? If not, what would the effects be?

What alternative would you prefer and how would it work?

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No, as this would encourage more filling of packaging abroad and may potentially harm UK industries if importing of filled packaging increases. Havering acknowledges for the potential administrative burdens in taxing this packaging, but feels that in order to protect the UK packaging industry this needs to be addressed accordingly.

Chapter 7: Treatment of exports

28 Do you agree with the government's suggested approach for crediting exports?

Not sure, as this would not create a level playing field when comparing with comparable imported goods that are being taxed - would this break any competition / trade rules?

29 Do you foresee any difficulties in providing appropriate records to demonstrate that packaging has been exported?

Yes, where the materials are exported through other buyers / wholesalers. Multiple outlets may make this difficult to administer.

Chapter 8: Excluding small operators

30 Do you agree that the government should seek to exclude small operators?

If yes, what would the risks be if the government didn't do this?

No, this may serve to create loopholes where larger operators are split into smaller ones to bypass the tax. Furthermore, where any material is placed on the market it should be subject to the same rules to ensure more sustainability within the sector. Havering has also suggested that there be no de-minimis level for EPR, and it stands that responsibility should therefore be shared equally by producers, both through ensuring materials are recycled and ensuring recycled content.

31 Would Option 1a, Option 1b or Option 2 best meet the government's objective of excluding small operators from the tax whilst ensuring the tax has a strong environmental rationale?

Not sure - please see response to Q30 where Havering suggests that there should be no de-minimis threshold in order to ensure more of a closed-loop industry.

32 What factors should the government consider when setting a threshold (either on volume or turnover) or a relief? Do you have any suggestions for appropriate levels? If so, please provide an explanation for why you believe this is appropriate.

Not sure - please see response to Q30 where Havering suggests that there should be no de-minimis threshold in order to ensure more of a closed-loop industry.

33 Would having a de minimis create any significant risks to the effectiveness of the tax at import (including, but not limited to, treatment of multiple imports from the same exporter/manufacturer/brand owner)? If yes, please provide evidence and suggest any additional legislative or operational countermeasures.

Yes. Havering agrees with the risks outlined in 8.11.

34 Do you anticipate any risks or issues that would arise from introducing a de minimis that aren't explored above? Please provide details.

No.

Chapter 9: Registration and reporting

35 Do you agree that the registration and reporting requirements outlined are appropriate? If not, please specify why.

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Yes. Digital reporting should make this process easier, particularly if a national database of material flows could be initiated. As there are already databases for wasteflows, this would help to track and support nationwide closed loop processes.

36 Please provide details of the estimated one-off costs for registering with HMRC.

Not applicable

37 Please provide details of the expected one-off and on-going costs of completing, filing, and paying the return.

Not applicable

Chapter 10: Ensuring compliance

38 Is the government's suggested approach to compliance proportionate and appropriate? If not, please outline any scenarios that you anticipate may require bespoke compliance powers or penalties?

Yes. As with any tax, the approach needs to be proportionate and encourage compliance through sufficient penalties. Consistency will allow for easier interpretation of the rules for producers / importers, and easier monitoring through the appropriate agencies.

39 Are our anti-abuse proposals sufficient to tackle the risk of fragmentation (abuse of the de minimis or universal relief) from UK based plastic producers?

Yes, and if consistent with other anti-fragmentation measures currently adopted within the UK, would simplify monitoring.

40 Is our approach regarding assuring the accuracy of declared recycled content appropriate? If not, please share any other suggestions you may have.

More information is required regarding the sort of data that manufacturers would need to submit to prove recycled content. Where manufacturers currently keep records on this for their own purposes, some surveys could be carried out to determine what the most common datasets look like.

41 Do respondents believe that using UK based agents for non-established taxable persons may help support compliance?

Possibly, but Having questions how would these agents would be created and funded. For example, would they essentially form some sort of compliance scheme?

42 Are there any further compliance risks that have not been addressed in this chapter, please provide details?

Not sure.

Chapter 11: Understanding commercial practices

43 If you are a business, what is your annual turnover?

Not applicable

44 Are you currently obligated under the Packaging Producer Responsibility system?

Not applicable

45 If you manufacture or handle plastic packaging, which sector(s) do you provide it to?

Not applicable

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46 If you manufacture or handle plastic packaging, can you please provide an overview of the types of plastic packaging products as well as the tonnages and the levels of recycled content in each? Do you expect this to change over the next 5 years?

Not applicable

47 If you manufacture or handle plastic packaging, how much of this packaging is produced domestically, exported and/or imported?

Not applicable

48 If you process or handle recycled plastic, do you export or import any? If so, how much, and where from/to?

Not applicable

49 If you manufacture plastic packaging, can you please provide an overview of the prices of some of your plastic packaging products. Can you also provide information on how these costs break down according by material costs, labour costs, other operating costs and profit?

Not applicable

50 If you manufacture or handle plastic packaging, can you please describe how plastic packaging prices fluctuate? How much do prices vary, and what are the main causes, e.g. fluctuations in exchange rate, oil and other commodity prices, etc.?

Not applicable

51 If you manufacture or handle plastic packaging, how long does it take you (in months) to increase the recycled content of your product? What factors are important in determining this length of time?

Not applicable

52 If you manufacture or handle plastic packaging, would the tax incentivise you to speed up any current plans to increase recycled content? To what extent? How quickly?

Not applicable

53 If you manage waste, how long would it take you to set up the systems required to supply more plastic waste for recycling/recycle more plastic? How much could you produce?

As a waste collection authority, Havering provides recycling and residual waste collections to households within its jurisdiction. As plastic is a bulky commodity, any increase in the amount of plastics collected may have an operational impact (more containers and potentially extra fleet and operatives), for which Havering would require compensation through the Doctrine of New Burdens.

54 If you manufacture plastic packaging, how would the tax affect the amount and price of product you produce? In cases where you weren't able to increase recycled content, would you pass the price of the tax down the supply chain?

Not applicable

55 Is there anything else you would like us to note about how your business operates and how you think it would be impacted by the tax?

Not known at this stage.

Chapter 12: Assessment of other impacts

56 Unless already covered in your responses to other questions within this document, is there anything else you would like us to note about the impact of the tax, especially any potentially adverse impacts on groups with protected characteristics?

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Havering notes that no Impact Assessment has been provided to accompany this consultation, as has been issued with the three concurrent consultations released by Defra relating to the Resources and Waste Strategy. From an environmental / resource perspective, a tax to encourage more recycled content is welcomed. However, an impact assessment needs to be carried out to look at the potential impacts on consumers and food poverty that may be associated with the rising cost of commodities, should producers choose to pass on any packaging tax to customers.

A second point to note would be whether sufficient thought has been given to the availability of recycled material to be used within packaging, or whether the market needs to be stimulated through EPR first - in which case timings need to be considered accordingly, both to increase the amount of available material, and develop the relevant infrastructure to handle it. Barriers to food safety concerns also need to be addressed.