

Consultation on reforming the UK Packaging Producer Responsibility System (Extended Producer Responsibility or EPR Reform)

In December 2018 Defra published “Our Waste, Our Resources: A Strategy for England”. Within this strategy document were a number of commitments to consult on fundamentally changing the operation of the packaging waste system

in the UK, including reforming the UK Packaging Waste Regulations, introducing a Deposit Return Scheme (DRS) for beverage containers and legislating for Local Authorities to collect a consistent set of recyclable materials. These consultations interact with each and therefore Government proposed to conduct them at the same time.

It was also announced in the 2018 Autumn Budget, that there would be a consultation on the introduction of a tax on plastic packaging which with less than 30% (<30%) recycled content. Due to the way this consultation would interact with the other packaging waste consultation’s it was decided these would be consulted on at the same time.

You may ask why?

In basic terms the current system does not meet with the Circular Economy Package initiative.

When will it be introduced?

Our government would like to implement by 2023 at the earliest.

You will be aware the following consultations were published on 18 February 2019 (deadline for response shown in brackets):

<https://consult.defra.gov.uk/environmental-quality/consultation-on-reforming-the-uk-packaging-produce/> (13 May 2019)

Also included is.. <https://consult.defra.gov.uk/environmental-quality/plastic-packaging-tax/> (12 May 2019)

<https://consult.defra.gov.uk/environment/introducing-a-deposit-return-scheme/> (13 May 2019)

<https://consult.defra.gov.uk/environmental-quality/consultation-on-consistency-in-household-and-busin/> (13 May 2019)

Its Outpace opinion, these consultations will have a significant impact on the way the UK packaging system operates, and will impact on your packaging obligation and costs. This is your opportunity to have your say, on what will affect your businesses, your future.

We briefly summarise these consultation documents below.

Details

- The policy should be clear and coherent, with clear roles, responsibilities, outcomes and targets, and work coherently with other policies, including wider waste policy
- EPR Reform should encourage design for recyclability or by incentivising recycling via deposit and refund model
- Costs and fees to the producer should implement the “polluter pays” principle, with producers paying fair costs for the full net costs (FNC) for end-of-life of the packaging they place on the market
- The system should minimise the risk of waste crime and ensure compliance of all parties within the system
- Clear and consistent labelling and information of what can, and cannot, be recycled

Government second consultation in early 2020.

Targets

Government has confirmed that they propose the European Union Circular Economy Package (CEP) amended recycling targets to be the minimum standard they wish to achieve. Current business targets are set in legislation until 2020, and the new system is envisaged to be operational from January 2023. Government has therefore proposed the following targets:

- Overall targets for 2025 and 2030, in line with CEP
- Interim business targets for 2021

Due to the difference in business and national targets (due to obligated businesses being responsible for a higher percentage target to allow for de minimis producers) we have included equivalent national targets for 2019 - 2022 in brackets in table 1 below:

Material	Current targets*		Proposed targets*		Proposed national targets	
	2019	2020	2021	2022	2025	2030
Paper & card	73% (58%)	75% (59%)	79% (62%)	83% (66%)	82%	85%
Glass [re-melt]	79% [67%] (68%)	80% [67%] (69%)	84% [68%] (72%)	87% [68%] (75%)	70%	75%
Aluminium	61% (60%)	64% (63%)	66% (65%)	69% (68%)	55%	60%
Steel	82% (74%)	85% (77%)	88% (80%)	90% (82%)	75%	80%
Plastic	55% (46%)	57% (47%)	61% (51%)	65% (54%)	50%	55%
Wood	43% (40%)	48% (44%)	35% (32%)	35% (32%)	30%	30%
Total Packaging Recycling	74.5%	75.4%	76.1%	76.8%	66%	70%

Table 1: Current, proposed interim 2021 and 2022 and proposed 2025 and 2030 packaging targets. Current and proposed interim targets are shown as business targets with equivalent national targets shown in brackets “()” for ease of comparison.

2025 and 2030 are shown as national targets to be met.

Packaging Material	Proposed Target (2025)	Proposed Target (2030)
Paper & card	82%	85%
Glass	70%	75%
Aluminium	55%	60%
Steel	75%	80%
Plastic	50%	55%
Wood	30% ⁸⁶	30%
Total Packaging Recycling	66%	70%

As can be seen, for a number of materials the interim 2022 targets would mean the UK would exceed the 2025 national targets.

NB: As well as targets at UK level, individual nation (i.e. England, Scotland, Wales and Northern Ireland) targets may apply. Producers will be required to report their placed on the market data by individual nation.

Producers

There are several aspects in the consultation which consider how producers should be defined.

Single point of compliance or retain shared responsibility? The Government preferred option is to move to a single point of compliance. It is proposed that this could either be:

- Brand owner: like to be the first point of sale (so the importer or pack/filler). Sellers would still be required to report (by nation) but would not pay fees. Manufacturers and converters would continue to be obligated

for Commercial & Industrial packaging. For small producers there could either be a lower de minimis or wholesalers could take the obligation for packaging sold to a small producer

- Seller: This would be measured at the point of sale to the end user. As above, reporting would be completed by nation

Alternatively, the system could retain shared responsibility and either lower or remove the de minimis (to bring more companies into scope) or could move the responsibility for packaging sold to non-obligated companies to the wholesaler.

Small Producers

As outlined above, the consultation considers how to apply the polluter pays principle to ensure all producers are paying into the system without over-burdening smaller producers. It is suggested that small producers could either pay flat fee for their role in the system or alternatively could amend the allocation method if the thresholds are reduced.

Distance sellers

Proposes a new type of producer to be introduced to obligate online market places for packaging the online market sellers facilitate to place packaging onto the market.

Definition of Packaging

It is proposed to move away from the current primary, secondary and tertiary classifications. Full Net Costs (see below) would apply to HH and HH-like (also referred to as Non-Household Municipal, or NHM) packaging. FNC would not apply to commercial and industrial (C&I) packaging.

Full Net Costs (FNC) and Modulated Fees

Producers of packaging will be required to fund the FNC of end-of-(current)life activities for HH and NHM packaging.

The full net costs of would be required to cover:

- Collection, sorting, recycling or disposal, Litter clean up, communications about litter reduction and recycling awareness (UK-wide and individually for England, Scotland, Wales and Northern Ireland)
- Funding an improved packaging data system
- Increased costs of compliance monitoring and enforcement Fees to be paid would be modulated depending on the recyclability of the product. This is to encourage design of packaging to take into account resource efficiency and waste management at the start of life. There would be a set “approved list” of recyclable materials (which would be consistent with the materials which Local Authorities and Waste Management Companies would be obligated to collect – see consultation on “Consistent Collections”).

Governance Models

Here is a summary of the 4 proposed governance models.

Model 1:

- Producers would be able to join one of a number of completing compliance schemes (direct registration would no longer be an option)
- The compliance schemes would take on the legal responsibility of producers packaging waste obligations, contracting with Local Authorities and sorting facilities to ensure FNC are met for HH and NHM packaging waste, and with re-processors and exporters to ensure C&I obligations are met
- A proportion of producer’s fund would go to the Independent Board which would organize local and national communications campaigns for recycling and litter awareness

Model 2

- Producers would need to join a single, not-for-profit Producer Management Organisation (PMO)
- Meeting the recycling targets and other Government-led strategic outcomes would be the responsibility of the PMO
- Re-processors / exporters would not be required to issue evidence and therefore would not need to be accredited, however would be required to report all tonnages recycled

Model 3

- This model essentially merges models 1 and 2, therefore HH and NHM packaging waste would be the responsibility of a PMO, and C&I packaging waste would be the responsibility of compliance schemes
- Producers would have the choice to pay their fees for HH and NHM placed on the market via a compliance scheme, which would pass on the fees to the PMO
- As with the first 2 models, some funds would be apportioned to national and local recycling and litter awareness campaigns

Model 4

- Model 4 works on a principle that producers would pay to the Government:
 - o An up-front deposit fee on recyclable material which could be credited if the producer could show that an equivalent amount of material had been recycled
 - o A non-refundable fee on any non-recyclable material placed on the market
 - o A producer fee which would ensure FNC
- It is expected the re-processors and exporters would pass any funds from recycling evidence back along the supply chain
- Producers could choose to either comply directly with the scheme administrator or via a compliance scheme
- The evidence would be split by format, so if clear PET is placed on the market, evidence would need to be gained for clear PET recycling equivalent.