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Plastic Packaging Tax Consultation
Energy and Transport Tax Team
HM Treasury
1 Horse Guards Road
London
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10th May 2019

Dear Consultation Team

Consultation on proposals for a tax on plastic packaging

The Local Government Association welcomes the opportunity to submit our views on the proposal for a new tax on plastic packaging. While local government does not produce plastic packaging, we have a significant stake in this issue through our role in collecting and disposing of waste and recycles from households.

It is encouraging to see proposals that are designed to stimulate demand for used plastic packaging. The ambition to increase plastic recycling needs everyone to play their part, from manufacturers and retailers to the recycling industry. The LGA has long called for a whole chain approach to recycling and for responsibility to be shared across all the actors.

Chapter 12 of the consultation calls for organisations such as local authorities to identify any other unintended impacts of the proposals. The LGA would like to raise some issues. The primary impact of a tax on plastic packaging is that it will hopefully stimulate greater demand for recycled plastic, so that more plastic is recycled rather than being sent to landfill or incineration. This will cause a demand for improved quality and quantity of recycle.

Local government can only deliver on this ambition if the commitments in the Extended Producer Responsibility (EPR) consultation are fully followed through. Producers need to pay true full net costs to councils for the waste they create. This funding must be additional to what councils are already putting into these services to deliver the improvement in quality and quantity that is required. The LGA's response to Defra's consultations will highlight that we currently have concerns about the modelling used to approximate council's costs. We are keen to work with Defra and WRAP to arrive at a funding model which is able to deliver on the ambitions around plastic recycling. However, local government cannot currently give assurances that the quality and quantity will follow through as the funding to deliver this isn't clear.

We would also seek assurance that the impact of using more recycled plastic has been fully considered throughout the collection and disposal/reuse process. Currently there isn't a significant amount of recycled plastic going through the collection, sorting and recycling process. As a sector we would like further detail about the potential impact of this. In particular if there is any impact on the sorting activity that is needed at a MRF or if these products could lead to higher rejection rates when sorting. If this was the case these elements would need additional funding through EPR.

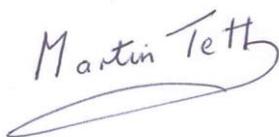
Consideration needs to be given to the potential impact on future materials producers use for packaging. The aim of the tax is to encourage more producers to use recycled plastic. However, it may be the case that some producers switch to other formats. This may need to be reviewed at a further date to determine whether this has had any specific impact. An unintended consequence of the plastic tax could be to encourage manufacturers and retailers to switch to compostable packaging. Councils do not currently have the infrastructure in place to sort and treat compostable packaging, and there is a real risk that compostable packaging will contaminate plastic recycling streams, ending up with both materials being sent to waste disposal.

Overall, there will remain within the system a certain proportion of plastic which cannot use a recycled element due to the nature of the product required i.e. food packaging or medical packaging. The EPR process must be sensitive enough to recognise that over time the costs for processing these non-taxed plastics may rise as they may represent lower volumes within the system. If this is the case local government would need to be recompensed for this through the EPR formulas.

It is assumed in the package of government's proposed reforms that the market will absorb an increase in the supply of recyclable material but there is no discussion on whether incentives are required, the types of preferred reprocessing procedures, the siting of infrastructure, or the timescales for bringing new infrastructure on stream. The current reprocessing market is patchy both geographically and in the depth of its capacity. Reduction in the quantity of packaging entering the system should be an explicit aim. The government should also signal its long-term preference for how we reprocess recyclable material and consider the incentives that might be required to encourage investment in the right infrastructure in the right place. A tax on plastic packaging is a step in the right direction, but leaves the wider infrastructure questions unanswered.

We look forward to seeing further details on the plastic packaging tax. We encourage HMRC and Defra to consider what else Government can do to reduce plastic packaging in the first place. The best environmental outcome will be achieved by avoiding waste, and we welcome further discussion with HMRC and Defra on the role that local government can play in this as leaders of our communities.

Yours sincerely,

A handwritten signature in blue ink that reads "Martin Tett". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Cllr Martin Tett

Chairman of LGA Environment, Economy, Housing and Transport Board.

CC: Robert Jenrick MP