

Councillor Claudia Webbe
Executive Member for Environment and Transport
Labour Member for Bunhill Ward



Plastic Packaging Tax consultation
Energy and Transport Tax team
HM Treasury
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Town Hall
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Date: 10 May 2018

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Dear Madam/Sir,

Plastic Packaging Tax – consultation

I have pleasure in enclosing my response to the government's Plastic Packaging Tax consultation on behalf of Islington Council. We will submit separate responses to the other three related consultations, namely Reforming the Packaging Producer Responsibility System, Introducing a Deposit Return Scheme and Consistency in Household and Business Recycling Collections.

We broadly welcome the proposals set out in these consultations. We support the move towards ensuring that producers of goods bare full responsibility for the environmental and financial impact of those goods including the full cost of collection and disposal.

We believe the introduction of the plastic tax sends a clear message to consumers and we support proposals to keep the tax simple, both to maximise consumer understanding of the tax and to minimise the administrative burden on businesses. Nevertheless, the tax should be kept under review, particularly in relation to the threshold level, whether there is a single or tiered threshold, and the de-minimis level for businesses that are subject to the charge.

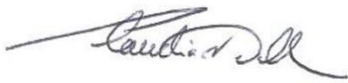
We would like to see this tax result in a step change in the amount of recycled plastic used in plastic packaging, and would encourage the government to set a more challenging threshold than the proposed 30%, which many producers already meet and far exceed.

We are concerned that the proposals exclude imported filled plastic packaging. Our residents consume a great deal of packaged products that are filled overseas and imported. Excluding

these producers from the tax creates an un-level playing field and may incentivise greater import of filled packaged products.

Overall, we believe the proposals will stimulate manufacturers to work with companies producing recycled plastic and develop a level of certainty to this sector which has suffered due to under investment and volatility based on oil prices in recent years. For Islington Council and our partners in the North London Waste Authority, this gives us greater confidence that there will be reliable end markets for the plastics that we collect.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Claudia Webbe', written in a cursive style.

Councillor Claudia Webbe
Executive Member for Environment and Transport



Islington's response to the Plastic Packaging Tax consultation

Questions and responses

About you

1 What is your name?

Councillor Claudia Webbe

2 What is your email address?

claudia.webbe@islington.gov.uk

3 Which best describes you?

Local government

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

As an inner city London Local Authority, the tenth most densely populated borough in the Country, Islington Council is uniquely able to provide insight into what measures will help to improve recycling, waste reduction and resource efficiency on behalf of our residents and businesses.

5 Would you like your response to be confidential? Why?

No.

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?

Islington Council agrees that the scope of plastic subject to the plastic tax should not distinguish between different types of new plastic or plastic use and Islington Council agrees with the use of the definitions as set out in the consultation.

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

Islington Council agrees that the scope of the plastic packaging subject to the tax should be in line with the reformed Packaging Producer Responsibility system.

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

No comment.

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?

Mixed material packaging is among the most problematic materials to recycle. It is important that the fact of their being made of composite materials and therefore difficult to recycle, does not result in their exemption from the very measures that are designed to increase their sustainability. We also note the government's aim to tax 'all plastic packaging which does not meet a specified level of plastic packaging content'.

For this reason, Islington Council considers that mixed material packaging containing plastics **should** be subject to the plastic tax. We recommend this is proportionate to the amount of plastic in the packaging material and therefore we support **Option 2: Applying the tax to any packaging containing plastic. In this case the tax would be charged on the weight of the plastic content of the packaging, rather than the full weight of the packaging.**

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

Yes. Islington Council believes so where practicable.

Driving recycled content

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

Islington Council agrees with defining recycled content as 'the proportion, by mass, of recycled material in a product or packaging. Only pre-consumer and post-consumer materials shall be considered as recycled content' so long as their reprocessing does not consume significantly more natural resources or generate significantly greater carbon emissions than the other processes.

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

We are not aware of any specific reasons.

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

Islington Council shares the government's concern that including pre-consumer materials on the same basis as post-consumer materials could disincentivise the use of the later in the recycling process. However, we hope that the increased demand resulting from the tax will drive demand for feedstock both from well-run household collections as well as pre-consumer waste sources.

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? Please explain your answer and provide any supporting information and evidence.

The single threshold is simple measure that is easiest to administer. Importantly, it is also easy for the consumer to understand. Islington Council considers part of the purpose of this tax is to increase confidence and awareness among consumers that material placed out for recycling is actually recycled. This measure sends a clear and unambiguous message in a way that a more complicated system might not. We therefore

support the proposal, though we would urge the government to keep the threshold under review with a view to increasing the threshold over time as performance improves.

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

Islington Council encourages the government to set a threshold that is challenging to the industry. That many sectors have already pledged to meet and exceed this target suggests the threshold may not be challenging enough.

As mentioned earlier, we would urge the government to review the threshold periodically to ensure it remains a challenge to the industry and a driver of improved performance.

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.

Not applicable.

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.

Not applicable.

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?

Not applicable.

Setting the tax rate

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.

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

Yes. Islington Council considers this be the most straightforward administratively, as well as being easy to understand for consumers which, as mentioned before, is important in sending a clear signal to consumers about the beneficial impact of their recycling behaviour.

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?

Islington Council agrees with the government's approach of applying the tax at the point of manufacture (for UK manufacture) or commercial exploitation, that is, when the packaging is used to package a product and

send it for sale (for imports). However, we are concerned that plastic packaging that is manufactured overseas and imported as a filled plastic packaging product (that is, it has already been used to package something) will escape the tax as an exempt product. Since so much plastic packaging consumed in the UK is imported as filled packaged products, this may undermine the objectives of the tax and public confidence in the tax, as well as creating a competitive advantage for overseas packaging fillers, and driving this process overseas.

It seems sensible to apply the tax to filled imported packaged products either u[on import r at the point of sale.

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.

Not applicable.

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?

Not applicable.

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

Not applicable.

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?

No, Islington Council does not agree with this proposal. We are concerned that plastic packaging that is manufactured overseas and imported as a filled plastic packaging product (i.e. it has already been used to package something) will escape the tax as an exempt product. Since so much plastic packaging consumed in the UK is imported as filled packaged products, this may undermine the objectives of the tax and public confidence in the tax, as well as creating a competitive advantage for overseas packaging fillers, and driving this process overseas.

It seems sensible to apply the tax to filled imported packaged products either u[on import r at the point of sale.

Treatment of exports

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

Not applicable.

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

Not applicable.

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?

Not applicable.

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 applicable.

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 applicable.

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.

Not applicable.

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

Not applicable.

Registration and reporting

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

Not applicable.

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.

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?

Not applicable.

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?

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

