

Robert Jenrick MP
Exchequer Secretary
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Minister

cc: Jon Travis, Head of Energy & Environmental Tax, HMT

I am writing in relation to your department's ongoing consultation – *“Tackling the plastic problem: Using the tax system to address single-use plastic waste”*.

We are extremely supportive of your department's objectives – namely to reduce the amount of plastic that ends up in our waste stream and polluting our environment. We submitted a response following your invitation for written submissions, published in March, and were pleased to have the opportunity to meet with your policy team.

The purpose of this letter is to respond to some of the feedback you have received, published by your department at the end of August. While the historic levels of public interest highlight the overwhelming support for change, nonetheless we are concerned that the policies you intend to announce at the forthcoming Budget are effective – particularly in relation to a proposed tax aimed at incineration which we fundamentally disagree with.

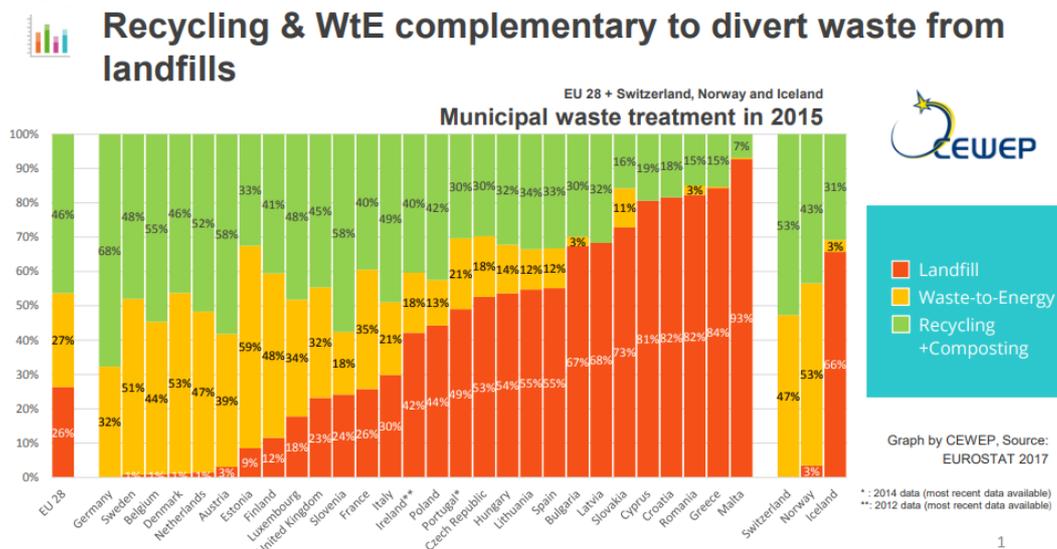
With that in mind, we have put together a short response to the points set out in your summary. We would welcome this being included as formal evidence to the consultation. Equally, I wanted to take this opportunity to reiterate our invitation for you and your team to visit our Riverside Energy from Waste (EfW) facility. Located in Belvedere, Kent, it is a short distance from Westminster and I hope a good use of your time to see a facility first-hand while you consider incentives aimed at encouraging greater recycling of waste.

I look forward to hearing from you.

Nicholas Pollard
CEO, Cory Riverside Energy
Review of feedback from stakeholders to HMT's call for evidence -

6.13 Certain respondents suggested that the uptake of incineration as a form of residual waste treatment was a key barrier to driving waste up the waste hierarchy. A few respondents said that weight-based recycling targets and weight-based gate fees are a limited incentive when applied to lightweight plastic materials.

- o Examples from across the EU show that the assertion that EfW undermines increasing recycling rates is fundamentally incorrect as countries with the highest proportion of recycling have the highest proportion of EfW in the waste management mix¹:



- o There is a lack of reliable data which conclusively demonstrates that incineration taxes have a steering effect in practice or produce better environmental outcomes. Accordingly, it is erroneous to suggest that an incineration tax would lead to improved recycling. Or that incineration is a barrier to recycling. Lessons from Sweden show that after an incineration tax was introduced in 2006 it was subsequently removed in 2010 having had no impact in terms of raising recycling rates.
- o Cory Riverside Energy has no interest in hindering plastics recycling in the UK. Processing plastic waste in our EfW facility harms our machines and constrains our capacity to process other materials.
- o The reality is that the UK produces a huge amount of residual waste that cannot be recycled and which currently ends up in landfill – in

¹ Source: EUROSTAT <http://www.cewep.eu/wp-content/uploads/2017/08/Graph-3-treatments.pdf>

2016, 7.7million tonnes of waste was disposed of in this way². And EfW provides a superior and less carbon-intensive alternative.

- Whilst the Government's recycling targets are admirably ambitious, they are also incredibly unlikely, particularly for urban areas with a transient population, high population density and a large number of high-rise buildings, such as London.
- Municipal recycling rates in England have plateaued at 45.2% in 2016. Uncertainties around secondary materials markets, on a national and global level are partly responsible for this. Gains in recycling will be modest if there is no support to stimulate end markets. Without this all efforts to tackle the plastics problem are well-meaning but ineffectual.
- Moreover, we believe policy should move away from weight-based recycling targets. These have been useful in driving improved performance to date, but in a transition to a circular economy we need to think differently. The focus on quantity can mean quality is compromised, and this is an acute problem with respect to plastic. Producers of plastics need to ensure the materials they place on the market are not too difficult or impossible to recycle. This is a sine qua non to reduce plastic waste.

6.14 Respondents from across the supply chain have suggested a tax on the incineration of waste. This could be done based on input tonnages or the material composition of waste, or using some form of emissions metric. However, there was recognition that this might impact certain sectors, such as cement kilns who currently substitute conventional fossil fuel with residual waste and tyres.

- An incineration tax will do nothing to remove the amount of recyclable material from the waste stream.
- An incineration tax will not provide any motivation to 'plastic producers and users' to change behaviour
- We successfully process around 3,200 tonnes of plastic each year at our Materials Recycling Facility (MRF). The way to increase this is ensuring the quality of the materials which we receive are of a higher quality.
- It is widely acknowledged that the constraint on recycling is at the front end of the waste management chain rather than the disposal end. Therefore, taxation reform must be focused there (i.e. EPR, increased tax on virgin polymers, VAT exemptions for recycled

² Source:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/683051/UK_Statisticson_Waste_statistical_notice_Feb_2018_FIN_AL.pdf

content); any proposals to change the tax system at the disposal end lack a technical justification and will not have the desired effect of reducing plastics.

- o A dedicated incineration tax misses the point and, is only likely to result in more plastic waste being sent to landfill, an outcome which should be avoided at all costs, as landfill is at the bottom of the waste hierarchy. Such an outcome would be a retrograde step given the environmental gains made over the last number of decades.

6.15 It was also suggested that the government could provide a lower rate of Landfill Tax on organic waste. Others suggested that the government set out Landfill Tax rates further into the future in order to provide greater certainty which in turn would encourage investment and innovation.

- o Landfill is the least preferred option for treatment of organic waste with respect to other waste management alternatives, emitting high levels of methane, which is one of the most damaging greenhouse gases. We do not believe providing a lower rate of Landfill Tax on organic waste should be considered. This proposal is inconsistent with Defra's 25 Year Environment Plan which includes a commitment to – 'work towards no food waste entering landfill by 2030'.
- o Current policy delivers current outcomes. If we want higher recycling rates then we will need fresh investment and more treatment capacity, see diagram below which outlines some of the reasons why UK recycling rates have stagnated

Factors influencing increased recycling rates



Source: Ricardo Energy And Environment - [An economic assessment and feasibility study of how the UK could meet the Circular Economy Package recycling targets](#)

6.16 There was some opposition to the use of any taxation at this stage from those concerned that the burden would fall on Local Authorities.

- WRAPs annual analysis of the UK waste market in 2017/18 highlighted the median gate fee for dry recyclables sent to material recycling facilities (MRFs) were £22 per tonne³. Conversely the median gate fee for residual waste sent to EfW was £86 per tonne⁴. This evidence demonstrates that the existing economic incentives for Local Authorities already strongly favour recycling over EfW. An incineration tax aimed at keeping separately collected recyclables out of EfW is then no more than a dead-weight cost on local authorities which results in excessive cost without any apparent upside.
- Public sector budget cuts are one of the primary reasons why municipal recycling rates have plateaued and this point should not be lost on HMT when considering asking Local Authorities – and by extension the taxpayer – to shoulder further costs. An incineration tax will further exacerbate budgetary pressures on individual local authorities.

³ WRAP. 2018. Gate Fees 2017/18 Final Report - Comparing the costs of alternative waste treatment options. See [here](#)

⁴ WRAP. 2018. Gate Fees 2017/18 Final Report - Comparing the costs of alternative waste treatment options. See [here](#)

3.19 The government recognises that industry is concerned about coherence between any taxes or charges and PRN reform, as well as inconsistency across the UK. Government departments will continue to work closely together and with the devolved administrations to develop joined-up policy.

- Cory are very concerned about the coherence between any proposed incineration tax and producer responsibility reform. We believe producer responsibility should be the foundation of all policy thinking and policy drivers. A well designed extended producer responsibility scheme (replacing PRN) is the best way to ensure plastic producers consider the use of their products in society. There is simply no need for an incineration tax if Government gets producer responsibility reform right.