From the Chair

Rt Hon Philip Hammond MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

5 October 2018

I am writing to draw your attention to the attached letter from Mr Nicholas Pollard, CEO of Cory Riverside Energy, a resource management, recycling and energy recovery company based in London.

Mr Pollard has written to my Committee expressing concerns about the possible impact of an incineration tax following the publication of the responses to your Department’s consultation on using the tax system to address single-use plastic waste.

As you are aware, the reduction of waste has been a key area of interest for my Committee, and I would be grateful if you could write to the Committee to address the points raised in Mr Pollard’s letter.

Yours sincerely,

Mary Creagh MP
Chair of the Environmental Audit Committee
Ms Mary Creagh MP  
Environmental Audit Committee  
House of Commons  
London  
SW1A 0AA  

18 September 2018  

Dear Ms Creagh  

I am writing on behalf of Cory Riverside Energy (Cory) in relation to a current consultation by HM Treasury – "Tackling the plastic problem: Using the tax system to address single-use plastic waste". I am sure you are familiar with this.

Cory is extremely supportive of Treasury's objectives – namely to reduce the amount of plastic that ends up in our waste stream and polluting our environment. However, there is one specific policy area which I wanted to draw your attention to, which has arisen from the initial public responses to the consultation – namely the potential introduction of an incineration tax as a means of reducing plastic waste.

We have several concerns about this policy:  
- It is unlikely to have any impact on the amount of plastic in the UK’s waste stream, or to increase recycling rates  
- It will have a negative impact on consumers and local authorities  
- It could result in more plastic going to landfill

I have expanded on these concerns in full below. It is also notable that an incineration tax was not part of the Treasury's initial consultation; it has only emerged as a result of representations from businesses and individuals. In particular, it is likely to be driven by plastics manufacturers who are unwilling to take responsibility for their role in the creation of plastic waste.

To reiterate, Cory is wholly supportive of the drive to reduce plastic waste. We successfully process around 3,200 tonnes of plastic each year at our Materials Recycling Facility (MRF), and have the capacity to process even more. We want to see as much plastic removed from the waste stream as possible, but an incineration tax is simply not the way to achieve this. More attention must be paid to the production of plastics, and reducing the
amount which enters the waste stream in the first place – manufacturers must bear more responsibility than they currently do.

Naturally, in your role as Chair of Environmental Audit Committee, this is something which I am sure you have an interest in, and I would welcome the opportunity to discuss this further with you, either in London or at our Energy from Waste (EfW) facility in Belvedere, East London. My office will be in touch to follow up and arrange a convenient time.

I look forward to hearing from you.

Nicholas Pollard
CEO, Cory Riverside Energy
1. An incineration tax is unlikely to have any impact on the amount of plastic in the UK's waste stream, or to increase recycling rates

- 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 mix:

![Graph: Recycling & WtE complementary to divert waste from landfills]

- 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.

- Cory Riverside Energy has no interest in hindering plastics recycling in the UK. Processing plastic waste in our EfW facility harms our machines, has lower calorific value and, constrains our capacity to process other materials.

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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 2016, 7.7 million 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.

2. An incineration tax could result in more plastic going to landfill

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 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.

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.

3. An incineration tax will have a negative impact on consumers and local authorities – the focus instead must be on the reform of producer responsibility

- WRAP’s 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 tonne\(^3\). Conversely the median gate fee for residual waste sent to EfW was £86 per tonne\(^4\). 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.

- Cory is 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.

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