PRESS RELEASE

Budget 2020 commentary - plastics tax is a bold step in the right direction but budget is mixed picture

LONDON, 12 March 2020: The Environmental Services Association (ESA) has responded to The Budget delivered by the Chancellor, Rishi Sunak, welcoming the announcement of new details regarding the implementation of a long-anticipated tax on virgin plastics, as well as new funding towards an Extended Producer Responsibility Scheme.

Executive Director of the Environmental Services Association (ESA), Jacob Hayler, said: “The ESA and its members fully support the details of the Plastics Tax announced by the Chancellor in this year’s budget. A levy on manufacturers, from 2022, of £200 per tonne for plastic packaging that doesn’t contain at least 30 per cent recycled content will help to unlock future investment in British recycling infrastructure and allow the resources and waste sector to re-shore valuable materials currently lost to export markets.

However, this plastics tax is only a starting point and needs to go hand-in-hand with other measures to stimulate local markets for recycled content and discourage manufacturers from using complex, wasteful, packaging that cannot be re-used or recycled. In that vein, we see the budget also contains provision for £700,000 towards ‘establishing an Extended Producer Responsibility’ scheme’, but it is not yet clear how this money will be spent and the amount seems insubstantial for, what is no doubt, a complex piece of policy to deliver.

Waste crime undermines investment in the sector and threatens legitimate operators, so the ESA welcomes new funding pledged to deliver a digital waste tracking system, which has been on the cards for some time, although note the Government did not commit to a figure in the budget. We also welcome the £2 million pledged to support research to tackle fly-tipping, but reiterate that this is ultimately no substitute for effective boots-on-the-ground enforcement.

Elsewhere in the budget, the picture is slightly less positive for the sector. The rise in duty on red diesel is a blow for the recycling and waste management sector, which relies on diesel fuels to keep recycling and waste processing facilities running efficiently. Our sector is as important to society as agriculture, rail and fishing, so to not include the sector in the retained relief is a clear oversight by Government and a snub to an industry that, since the early 1990s, has reduced its carbon emissions by over seventy per cent. At
the moment, there is no viable low or zero carbon alternative to much of the specialist machinery used by our sector, so these new taxes represent nothing but a penalty to industry and will inevitably increase service costs to tax-payers and businesses.”

The chancellor announced £100 billion will be spent on new infrastructure and pledged £800 million for new carbon capture and storage clusters that would help to create new high skilled, low carbon jobs and ‘level-up’ regions across England – including Teesside and Merseyside. The resources and waste management sector already stands poised to deliver billions of pounds worth of private-sector investment in new green infrastructure, generating low carbon energy and creating a more resource-efficient economy, and all we ask in return is for the right policy nudges to unlock that investment. The sector is also ideally placed to help the Government “level-up” regionally, by continuing to deliver investment and new green jobs across the North, following a decade in which billions has already been invested in this region – particularly in areas like Teesside.”

ENDS

Notes to editors:

A. The new Standard for Responsible Export is attached to this document below.

B. The Environmental Services Association (ESA) is the trade association representing the UK’s resource and waste management industry, which is leading the transformation of how the UK’s waste is managed.

C. We work with all levels of government, regulators and the public to deliver a more sustainable waste and resource management solution for the UK. ESA’s recent Circular Economy report ‘Going for Growth – A practical route to a circular economy’, which outlines how a Circular rather than a linear economy can help manage resources sustainably, can be downloaded here.

D. ESA’s Members manage waste on behalf of the whole of society and we are recovering more than ever before. For example, the industry has helped quintuple the UK’s household recycling rates over the last decade.

E. The sector at a glance:
   - Total turnover: £11 billion
   - Direct Employment: 106,000 people (including waste collection, treatment and materials recovery)
   - Municipal waste handled each year: 27 million tonnes
   - Energy generated (across landfill gas, anaerobic digestion and energy from waste) each year: approximately 11,867 GWh, which is 3.5% of the UK's electricity
     - 9,083 GWh of that was renewable electricity (taking out non-biodegradable portion of EfW) which is 11% of UK’s renewable electricity
   - Greenhouse gas emissions down by 70% since 1990.
   - The top seven companies account for approximately 40% of turnover. Many hundreds of SMEs provide either localised or more specialised services
   - Waste & recycling is the most highly rated of all council services by the public (2016 survey)
For further details please visit www.esauk.org

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