

Written evidence submitted by Veolia (PW0045)

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About us

Veolia is the UK leader in environmental solutions, employing 14,000 people across the UK and providing a comprehensive range of waste, water and energy management services designed to build the circular economy and preserve scarce raw materials. The organisation is committed to protecting the environment and improving the lives of the communities in which it operates. Our business strategy - "Resourcing the World" - is focused on manufacturing green products and generating low-carbon energy, in addition to helping our customers and suppliers reduce their carbon impact.

Veolia collects 2m tonnes of recyclates per annum across more than 30 contracts with local authorities and has a network of Material Recovery Facilities (MRFs) around the UK. Investment in plastics sorting and reprocessing facilities in the UK includes a Plastic Recovery Facility in Rainham with a capacity to sort over 65,000 tonnes of plastic every year, and a plastics reprocessing facility in Dagenham which can handle 14,000 tonnes of HDPE bottles turning them into high quality food grade pellets for manufacturing. Veolia is planning to invest significantly more in plastics reprocessing infrastructure in the UK over the next five years.

Summary

- All single-use items, including but not limited to single-use plastics, should be rationalised to reduce ongoing environmental problems caused by their unnecessary use and obsolescence, notably their incorrect disposal through littering. Bans on single-use items are useful to reduce the use of unnecessary plastic items and help spread consumer awareness, however, they can only go so far as a single measure, especially in terms of behaviour change to combat littering.
- To significantly drive-up plastics recycling, we envisage that the Plastic Packaging Tax will act as an important mechanism. However, we continue to recommend that an escalator be applied to both the recycled content threshold and rate of tax to provide a continued incentive to industry and to unlock investment. We also recommend extending the tax's scope to include non-packaging plastic items.
- Increasing domestic recycling capacity is a key priority, yet industry still faces significant commercial challenges and investment uncertainty. Incoming policies, such as the PPT, EPR, and consistent collections reforms could provide that much-needed market stimulus to build UK domestic recycling capacity and drive market demand. However, these policies must level the playing field for industry, de-risk investment and provide direct monetary stimulus to recyclers to drive end markets for materials.
- Restrictions on mixed polymer, contaminated and illegal exports that are not destined for recycling must be tightened to avoid unintended environmental consequences overseas and to help support the UK domestic reprocessing industry. However, export restrictions to prevent illegitimate exports should not undermine legitimate, clean single-grade plastic exports that meet Basel Convention specifications.

- A life-cycle approach should be taken to explore alternatives to plastic. In addition, an urgent assessment of the whole picture surrounding compostable, biodegradable and bio-based materials is required.

Our response

We welcome the opportunity to submit evidence to the Environment, Food and Rural Affairs Committee's Inquiry into Plastic Waste. Our individual responses to the Committee's questions have been outlined below.

1. What measures should the UK Government take to reduce the production and disposal of single-use plastics in England? Are the measures announced so far, including a ban on certain single-use plastics and a plastic packaging tax, sufficient?

As a priority, all single-use items, including but not limited to single-use plastics, should be rationalised to reduce ongoing environmental problems caused by their unnecessary use and obsolescence. This relates to the major problem of these items often being incorrectly disposed of, more specifically littered within the natural environment. Littered single-use plastics and other plastics slowly degrade into the natural environment, undermining natural ecosystems and biodiversity.

Whilst single-use items are versatile and offer functionality in certain applications, meaning their use will likely continue, crucially they should only be used responsibly and in circumstances where there is no other suitable application or more environmentally friendly alternative but to use them. Furthermore, in these limited circumstances where single-use items are required, it is critical that these items are designed to be effectively recycled, with problematic materials phased-out, but equally that consumers are encouraged to recycle them.

We recognise that demand-pull policy measures, like bans on single-use plastic materials are useful to reduce the use of unnecessary plastic items and help spread consumer awareness. However, as a measure alone, they have a limited impact on the overall tonnages of plastic packaging placed on the market, ongoing recycling efforts, and behaviour change to combat littering.

We envisage that the Plastic Packaging Tax will act as an important mechanism for recycling more plastic packaging. However, we recommend extending the scope to non-packaging plastic items as well. By driving demand for recycled plastic packaging, the tax has the opportunity to increase plastics recycling and ensure that new plastic packaging items are made from recycled plastic feedstock. However, for the tax to reach its full potential, we recommend that an escalator approach be applied to both the rate (£200) and threshold (30%) to increase demand for recycled materials over time and spur on innovation and investment in recycling to ensure adoption and market acceptance of new or improved technologies (e.g. those able to recycle food-grade PP/PE). To add to this, we also see value in introducing mandatory labels that display the recycled content of a packaging material.

In addition, it is worth highlighting the vulnerability of the plastics reprocessing and recycling industry to fluctuations in the price of virgin plastic. Therefore, it is important that the government provides a sustained stimulus to the market (c.10 years) to drive

increased demand for recycled plastic, thereby supporting end market development and a viable domestic recycling market across all material types. However, with the design of complementary policies such as EPR unclear, we do not yet have certainty over investments and how money will flow through the EPR system to support reprocessing and recycling activities. Furthermore, when considering likely fluctuations in the price of virgin plastic, further support could be provided by the government, through a price support guarantee scheme for recycled plastic i.e. a contracts for difference scheme, as utilised for stimulating renewable energy deployment.

In addition, binary labelling must be introduced to ensure that a simplified message is provided to consumers so they know how to dispose of an item correctly. A single body would be better placed to coordinate and review labelling of products placed on the market.

2. How should alternatives to plastic consumption be identified and supported, without resorting to more environmentally damaging options?

We recognise that plastic is a versatile and useful material that can be utilised across a wide range of applications. As such, it is important to consider the potential unintended environmental consequences of shifting from plastic items to alternative materials. Here, a life-cycle approach should be taken to explore alternatives to plastic. This is important to avoid switching to other materials that have a higher carbon, material and energy impact. Such problems are already present as we are seeing switching from plastic to paper/card or even glass-based products that carry a higher carbon footprint¹, which is often not communicated clearly to consumers. Similarly, we are also seeing recyclable plastic items, like bottles, being replaced by hard-to-recycle packaging with a higher carbon footprint.

Conducting independent Life Cycle Assessments (LCA) is critical to understanding the resource, energy and end-of-life impact of a material. Alongside this, a recyclability assessment of alternative materials should be taken to ensure that a material placed on the market is designed to be recycled and is compatible with recycling infrastructure. This also includes design changes, such as moving to mono-polyolefins for films and flexible plastic packaging.

3. Is the UK Government's target of eliminating avoidable plastic waste by 2042 ambitious enough?

We agree that a target of eliminating avoidable plastic waste is more appropriate than eliminating all plastic. This is for the reasons outlined above, in that plastic can have a useful role in for example protecting food in order to prevent food waste, and it being lightweight often reduces the carbon impact associated with transport. Most importantly is the recognition that alienating plastic could in fact lead to worse environmental outcomes if the materials used instead are more carbon, material and energy intensive.

¹ <https://www.imperial.ac.uk/media/imperial-college/faculty-of-natural-sciences/centre-for-environmental-policy/public/Veolia-Plastic-Whitepaper.pdf>

This target could therefore be achievable by 2042 if government policy supports the further development of recycling markets and reuse solutions, recognising the current barriers to their expansion and the time required for putting supportive infrastructure in place.

4. Will the UK Government be able to achieve its shorter-term ambition of working towards all plastic packaging placed on the market being recyclable, reusable or compostable by 2025?

To ensure that all plastic packaging placed on the market is recyclable requires the necessary infrastructure to be in place. Although industry is progressing collaboratively to innovate and deploy improved and new technologies, these efforts need to be scaled up considerably with large-scale investment in sorting and recycling infrastructure, worth approximately £10bn, required. This process is possible but will take time and currently involves significant commercial risk, which is why effective government interventions are so important to spread risk across the value chain and support viable, sustained commercial recycling markets.

Incoming demand-pull policies through the Plastic Packaging Tax, EPR and Consistency of Collections are set to act as key drivers to push forward, at pace, investment in collections, sorting and recycling technology. However, with key design aspects of the EPR scheme not clear, notably the calculations of modulated fees and how money will flow through the system to support investment in recycling, particularly for harder to recycle materials, getting investment off the ground is therefore challenging. Furthermore, proposals to add more items to the core set of materials to be collected for recycling under the Consistency of Collections reforms have also not yet been confirmed. To add to this, an item's material design is also critical to ensuring its recyclability, therefore, we must also consider the time it takes for producers to bring forward new more recyclable products to market.

An urgent assessment of the whole picture surrounding compostable, biodegradable and bio-based materials is also required, and we would caution against viewing these materials as a silver bullet. Compostable and biodegradable plastics require specific technical conditions to break down fully and are not compatible with existing UK AD and composting infrastructure, nor are they suitable for home composting. There are two key considerations, firstly, those materials that do not fully break down in the composting process result in microparticles that could compromise the quality assessment of compost production. Secondly, there are major challenges when it comes to the general public's understanding that compostable, biodegradable and even bio-based materials are all very different. For example, compostable plastics, similar in appearance to regular plastics, often create more confusion for consumers who may mistakenly throw them in the recycling bin thereby contaminating the plastic recycling stream. Design and end-of-life challenges for these materials therefore need to be addressed so we can protect efficient waste management systems (organic waste, composting and plastic mechanical recycling). Until then, advertising these materials as environmentally friendly alternatives to the general public and industry could increase environmental rebound effects and unintended consequences.

5. Does the UK Government need to do more to ensure that plastic waste is not exported and then managed unsustainably? If so, what steps should it take?

It is critical that illegal, contaminated and mixed polymers bale exports, including those that are exported directly from the back of factories via brokers and not via reprocessors, are stopped to avoid their damaging environmental impacts and to reduce the variety of export sources that over complicate the system and are hard to control. Restrictions on these illegitimate types of exports also support the development of a viable UK domestic recycling market by providing more feedstock and more demand for high standard sorting. The move from the existing inequitable PERN/PRN system to EPR should also significantly help with this. However, export restrictions to prevent illegitimate exports should not undermine legitimate, clean single-grade plastic exports, which meet the requirements under the Basel Convention and carry added benefits. Importantly, material supply follows trade flows, thus providing a legitimate route for exported, clean, single-grade 'green list' plastics and other commodities. Legitimate exports have the added benefits of supporting innovation and preventing doubling up of facilities where viable ones operate in close proximity to the UK - in the EU, for example.

Crucially, as a priority, UK domestic plastic recycling needs to be supported and made commercially viable, thereby requiring immediate support to drive up market demand for recycled materials. It is therefore absolutely critical that complementary incoming policies such as the Plastic Packaging Tax, EPR and consistent collections reforms provide that much-needed market stimulus to build UK domestic recycling capacity and drive market demand. To achieve this, policy must level the playing field for industry, de-risk investment and provide direct monetary stimulus to recyclers to drive end markets for materials. More specifically, with regard to EPR, we would go further to recommend that funds raised through modulated fees are ring-fenced per polymer type to ensure that investment is targeted, particularly for harder-to-recycle materials, like plastic films and flexibles, where investment stimulus is crucial.