CALL FOR EVIDENCE: TACKLING THE PLASTIC PROBLEM – USING THE TAX SYSTEM OR CHARGES TO ADDRESS SINGLE-USE PLASTIC WASTE

RESPONSE FROM ICAS TO HM TREASURY

18 May 2018
Background

ICAS is a professional body for more than 21,000 world class business men and women who work in the UK and in more than 100 countries around the world. Our members have all achieved the internationally recognised and respected CA qualification (Chartered Accountant). We are an educator, examiner, regulator, and thought leader.

Almost two thirds of our working membership work in business; many leading some of the UK's and the world's great companies. The others work in accountancy practices ranging from the Big Four in the City to the small practitioner in rural areas of the country.

We currently have around 3,000 students striving to become the next generation of CAs under the tutelage of our expert staff and members. We regulate our members and their firms. We represent our members on a wide range of issues in accountancy, finance and business and seek to influence policy in the UK and globally, always acting in the public interest.

ICAS was created by Royal Charter in 1854.

General comments

We welcome the opportunity to respond to the HM Treasury call for evidence exploring how changes to the tax system or charges could be used to reduce the amount of single-use plastic waste and its impact on the environment.

As stated in our response, we believe that the introduction of taxes and charges is very effective in driving consumer behaviour and there are some recent examples of how this approach has been successful, most notably the introduction of the 5p plastic bag charge.

However, there is also a need for suppliers to act to reduce the extent to which they use single-use plastics in their products and they should be encouraged to seek alternatives or substitutes for these items.

Finally, we would support the receipts from such a charge being channelled back into sustainable business activities which could include funding innovation into the development and the creation of more sustainable (environmentally, socially and economic) alternatives to single-use plastics.

Specific questions

Our responses to the specific questions in the consultation are detailed below.

Defining and assessing single use plastics

Question 1.
How should the government define single-use plastics, and what items should be included and excluded, and why?

Response 1.
We would like to see the government draw a distinction between some of the unavoidable plastic waste, for example debit cards and toothbrushes; and the avoidable plastics e.g. plastics straws, plastic food packaging, cotton buds and plastic drinking glasses.

However, an awareness-raising campaign may also be required as many of the items listed are not necessarily commonly recognised as single-use plastics. Coffee cups and takeaway boxes appear initially, or in the most part, to be made from cardboard, therefore the public may not be fully aware of the issue these items are causing environmentally.
Perhaps, there should also be a priority-based approach/hierarchy to single use plastics - from both a supplier and customer perspective:

a. From a supplier perspective, a good place to start would be to focus on a reduction in unnecessary plastic wrapping around food that already has its own 'natural packaging' e.g. bananas, coconuts. Thereafter, they could turn their attention towards other non-essential packaging items that could be replaced by other non-plastic packaging, e.g. punnet boxes, drinks cartons, cosmetic bottles.

b. From a customer perspective, the focus should be on items that can be easily substituted first, for example, coffee cups, stirrers, straws, drinks cartons.

That said, we believe there will be some items that should be excluded from any legislation, for example medical equipment that is required to be sterile to avoid cross contamination i.e. items used in invasive procedures and/or which come into contact with bodily fluids. This would include items such as plastic syringes, toothbrushes, i-gels, adjuncts, cannulas and the plastic wrapping that medical equipment also comes in. Whilst these items could be reusable - the cost and time of sterilisation could outweigh the benefit. Additionally, some of these items work best as plastic (cannulas, tubes) as they can be moulded and bent into shape.

Finally, more needs to be done to understand the cost/benefit of the advantages of single-use plastics. For example, medical plastics have a use-by-date after which they must be disposed of. Whilst indeed these may be low cost, is this reduced cost offset by the amount of waste created by their disposal due to the expiry date?

Similarly, there needs to be a balance between extending the shelf life of some food products, and thus increasing food waste, versus the damage that single-use plastics cause to the environment.

Question 2.
What are the most important problems associated with single-use plastics, and why?
  • Which polymer types are particularly problematic?
  • Which items are particularly problematic?

Response 2.
The dangers to marine life have already been highlighted in the media of late as well as the dangers of some of the disposed plastics entering the food chain.

The lack of biodegradability of these products is an issue. If single-use plastics did biodegrade, and quickly, it wouldn't be so problematic in terms of:
  a. Creating an eyesore on the environment;
  b. Risks to animals who consume and become tangled within these plastics; and
  c. The risk of some of the single-use plastics re-entering the food chain.

The disposable nature of single-use plastics creates a throw away culture within society that does not value sustainability and has wider reaching consequences.

Question 3.
Are there more environmentally friendly alternatives, currently available or possible in the future, to these types of single-use plastic items or their manufacturing processes, and can they still offer similar benefits?
  • Should the government encourage biodegradability in plastics, and if so, how?

Response 3.
One example of a company producing more environmentally friendly alternatives is Vegware which offers fully compostable packaging [https://www.vegware.com/?act=viewCatalogue](https://www.vegware.com/?act=viewCatalogue)

It is also now possible to source sustainable wooden cutlery and stirrers as well as biodegradable or bamboo straws. Paper bags for loose veg and fruit from grocers could be rolled out further. There are examples of their use in some stores but noticeably not in major supermarkets.
Question 4.
Are there single-use plastic items that are deemed essential by their nature or application, which cannot be substituted or avoided?

Response 4.
There are some single use plastic items such as bank cards, toothbrushes, mobile phones that are deemed essential by their nature but in fact may reflect that no affordable or accessible alternatives are currently available. As technology continues to develop, and we actively encourage innovation, this might not always be the case.

We would also re-emphasise that there are single-use plastics which are required for medical/health purposes which cannot be substituted or avoided.

The life cycle of single-use plastics

Question 5.
What factors influence the choice of polymer, or combination of polymers, in the production of single-use items?

- Can you provide data on the production and use of single-use plastic items you produce?
- What proportion of the polymers you use, or sell do you import and export, respectively?
- What proportion of the single-use plastics you produce do you export?

Response 5
No response.

Question 6.
What proportion of the plastic that you produce is made of recycled plastic, and what are the barriers to increasing this?

Response 6
No response.

Question 7.
What proportion of the plastic that you produce is commercially recyclable and what are the barriers to increasing this and improving the grade it can be recycled to?

Response 7
No response.

Question 8.
In your opinion, how can the tax system or charges play a role in delivering better environmental outcomes at this stage?

- What interventions should be implemented, and why?
- What behavioural effect would these interventions have, both on this stage in the supply chain, and more broadly?
- What would be the impact on your business?

Response 8.
The examples of the plastic bag charge, which resulted in an 87% reduction in the plastic bags used, and the decision by Irn-Bru to change their recipe in response to the introduction of the sugar tax, demonstrates that these taxes and charges work and can successfully change behaviour. Therefore, a similar approach could be adopted for single-use plastics.

We would suggest that the receipts from such a charge should be channelled back into sustainable business activities which would include funding innovation into the development and creation of more sustainable (environmentally, socially and economic) alternatives to single-use plastics.
It would also be worthwhile reviewing the policies adopted in other countries. For example, in Sweden, the taxes on plastics are very high to minimise their use.

Consideration would also need to be given to where in the supply chain any imposed tax or charge should be incorporated. With regard to the 5p plastic bag charge, the customer can see it and therefore it drives their behaviour. However, if the charge was incorporated within the price of the goods, that might not have the same desired effect on consumer behaviour.

It would also be important to consider the correct level of any tax and what economic behaviors that may drive. A value initially set too high or too low could have the inverse effect of that being sought.

**Retail**

**Question 9.**
What factors influence the design and specifications you make for the single-use plastic items you sell, and what are the barriers to using alternatives?

- In what way, and to what extent, do the decisions of producers and consumers influence the choice of single-use plastics you use in the items you sell?

**Response 9**
No response.

**Question 10.**
Can you provide data on the volumes and costs of different types of single-use plastic used?

**Response 10**
No response.

**Question 11.**
Have you taken any steps to address the environmental impact of the single-use plastic items you sell, including their end-of-life?

- Can you provide evidence of the effect these actions have had?

**Response 11**
No response.

**Question 12.**
In your opinion, how can the tax system or charges play a role in delivering better environmental outcomes at this stage?

- What interventions should be implemented, and why?
- What behavioural effect would these interventions have, both on this stage in the supply chain, and more broadly?
- What would be the impact on your business?

**Response 12**
No response.

**Consumption**

**Question 13.**
What factors influence consumers’ choices related to single-use plastic items?

- How can the government encourage the re-use of these items?

**Response 13.**
We believe that there will be a variety of factors that influence consumers’ choices related to single-use plastic items including price, the availability of alternatives, raising awareness and government campaigns and education.
The availability and prevalence of the items might also influence consumers’ choices. It is possible that, as a society, we opt for plastics straws and stirrers, etc. because they are there and are free as this behaviour appeals to our acquisitive nature. Removing the temptation, or providing an alternative, would remove the perceived demand.

A levy on some items could act in a similar manner to the carrier bag charge, predominantly coffee cups, given there is a readily available alternative in the form of a reusable glass/rubber/plastic cup. However, for other items, a charge would be difficult to use as a method for influencing behaviour. For example, it would be difficult to charge for plastic cutlery in a canteen/restaurant given these establishments vary in what they offer consumers (i.e. metal, plastic, wooden). Therefore, consumers wouldn’t necessarily see the benefit of carrying their own cutlery, for example, nor would that seem hygienic or reasonable to expect them to do so.

The responsibility for providing substitutes to single-use plastics should fall to the suppliers. As consumers we don’t often have an alternative to purchasing food, or cosmetics, for example, without unnecessary plastic wrapping. Making such alternatives available would encourage consumers to choose the least plastic option.

Question 14.
What are the barriers to consumers choosing alternatives to single-use plastic items, and how responsive would consumers be to price changes?

Response 14.
Introducing a charge for plastic straws, stirrers, when they are currently given out for free, could have a large impact on their consumption preferences. Kahneman and Tversky proved this in their book, “Thinking, Fast and Slow” with “free” sweets.

Question 15.
In what way, and to what extent, do the decisions of producers and retailers influence consumer choice?

Response 15.
No response.

Question 16.
In your opinion, how can the tax system or charges play a role in delivering better environmental outcomes at this stage?

• What interventions should be implemented, and why?
• What behavioural effect would these interventions have, both on this stage in the supply chain, and more broadly?
• What would be the impact on consumers?
• Are there specific items the government should be focusing on?

Response 16.
As referred to in our response to question 8, the introduction of charges or taxes is seen as a driver and a catalyst for behavioural change among consumers which in turn has a positive impact on the environment.

As referred to in our response to question 13, we believe that the prevalence and availability (i.e. at no cost) of these single-use plastic items influences consumption rates.

As stated in our response to question 8, consideration would need to be given to where in the supply chain any imposed tax or charge should be incorporated. In order to drive consumer behaviour, simple measures work, like the plastic bag charge. However, in the business to business environment, the introduction of incentives, along the lines of the Research and Development (R & D) tax credits, that encourage greater innovation to produce alternatives to single-use plastics, might be more effective.
Discarding and waste treatment

Question 17.
What are the barriers to the collection of single-use plastics and more environmentally friendly methods of waste treatment, including barriers to any existing technologies?

Response 17.
The deposit scheme that currently operates in Scandinavian countries works well there because they typically consume the products where the plastics are provided. For example, in the case of plastic stirrers, in Scandinavia these would be used in a cafe, whereas we, as a country, are more mobile with our usage. Therefore, having deposit return schemes that are distributed across big cities, perhaps on commuter routes and heavily populated areas, might be an option. Linking these facilities to a secure app which returns some value to customers, would provide a possible solution to this issue.

Question 18.
In your opinion, how can the tax system or charges play a role in delivering better environmental outcomes at this stage?

- What interventions should be implemented, and why?
- What behavioural effect would these interventions have, both on this stage in the supply chain, and more broadly?
- What would be the impact on Local Authorities and business?

Response 18.
As stated in earlier responses, the introduction of taxes and changes is effective in driving consumer behaviour, but a range/combination of incentives and charges is likely to be needed to effectively drive behavioural change throughout the supply chain. Overall, if there are to be charges incurred within the supply chain, there is also a need to be able to see the incentives flowing back into it as a reward for these changes. Therefore, a transparent flow of the money being collected and being recycled back into incentives needs to be established. Only by doing this will it build a model of trust where all parties are treated fairly and where it results in a “win-win” outcome rather than a “win or lose” outcome.