

How packaging recovery works

All you ever needed to know about the Packaging Recovery Note system

The Directive on Packaging and Packaging Waste 94/62/EC sets targets for recovering and recycling packaging waste.

The Producer Responsibility Obligations (Packaging Waste) Regulations 1997 and parallel statutory instruments in Wales, Scotland and Northern Ireland implement that directive in the UK. However some aspects of this regulation were updated in late 2003, following consultation with the industry.

The main change included knowing targets in advance (see table below), while other changes were designed to tighten up the management of the packaging waste recovery system, including data provision, to ensure that it works more efficiently.

They include:

- Placing legal responsibility on compliance scheme operators for the recovery and recycling obligations of their members
- Requiring schemes to have specific arrangements in place to monitor members' data and include these in their operational plan
- Setting down in statute the system of approval of schemes by the relevant minister
- Setting down in statute the process of accreditation of reproprocessors to issue Packaging Recovery Notes (PRNs) and exporters to issue Packaging Export Recovery Notes (PERNs), and the PRN and PERN system
- That there should be annual registration
- That the date for submission of updated compliance plans should be 31 January to allow the agency to scrutinise these ahead of registration
- An increased level of monitoring of data, of potential free riders and of reproprocessors

Packaging recovery and recycling business targets (%)					
(See page 3 for previous years' targets)	2006	2007	2008	2009	2010
Paper	66.5	67	67.5	68	68.5
Glass	65	69.5	73.5	74	74.5
Aluminium	29	31	32.5	33	35.5
Steel	56	57.5	58.5	59	59.5
Plastic	23	24	24.5	25	25.5
Wood	19.5	20	20.5	21	21.5
Overall recovery	66	67	68	69	70
Minimum amount of recovery to be achieved through recycling	92	92	92	92	92

Cost

Changes to the registration fee structure were also made. New fees payable each year will be:

- Producers registering individually - £768
- Producers joining a scheme - £558
- Reproprocessors and exporters issuing PRNs/PERNs for more than 400 tonnes of packaging waste will pay £2,590, while those issuing less than 400 tonnes of PRNs/PERNs must pay £500

Groups, whether registering individually or with a compliance scheme, will be liable to a premium per subsidiary business:

- First four subsidiaries - £180 each
- Fifth to 20th subsidiary - £90 each
- 21st and subsequent subsidiary - £45 each

Producers and schemes will also be liable to cost-recovery charges where data submissions have to be returned, corrected and re-submitted, and where schemes are late in registering.

Competitive

The UK's PRN system – a competitive, market-based mechanism to deliver targets and control costs – means companies do not actually have to recycle any material, they just have to show compliance.

Businesses affected by the regulations must:

- Register with the Environment Agency (EA) or parallel enforcement agencies in devolved administrations and provide data on the packaging handled by the business in the previous year
- Take reasonable steps to recover and recycle packaging waste
- Certify that the necessary recovery and recycling has been carried out
- Submit an application for renewal or registration before 1 April each year

Registration is renewed annually based on turnover and tonnage handled the previous year. The regulator must notify all on the obligated tonnage to be recycled and recovered for that year in April of that compliance year.

Regulators operate over the calendar year and companies can change their route from year to year. An annual fee is charged whatever the route.

Companies that fail to comply can be prosecuted and fined for failure to take reasonable steps to recycle and recover. A company registered with a compliance scheme cannot be prosecuted, nor can the compliance scheme.

Who is affected by the regulations?

Any business handling more than 50 tonnes of packaging and with financial turnover of more than £2 million is obligated if it undertakes any of the following:

- Manufacturing raw materials for packaging
- Converting materials into packaging
- Filling packaging
- Selling packaging to the final user
- Importing packaging or packaging materials

Allocation of responsibility: the shared approach

Responsibility for meeting targets was allocated throughout all sectors in the packaging chain:

Raw material manufacturing eg: steel maker	6%
Converting operation eg: steel can manufacturer	9%
Packer/filler eg: drinks company filling cans	37%
Seller* eg: retailer	48%

*September 2002's legal ruling means that pub, club, restaurant and hotel businesses are obligated as sellers rather than end users of packaging and required to recycle 48%

Evidence

PRNs are required to demonstrate compliance. These can only be issued by accredited UK recycling/recovery operations that are approved and registered by the relevant agency, such as the EA or the Scottish Environment Protection Agency.

Each PRN is issued against each tonne of packaging recycled. The note also specifies the type of material reprocessed. If packaging is recovered rather than recycled – for example at an energy-from-waste plant – the PRN issued is a general recovery note and cannot be used as evidence of meeting recycling obligations.

PRNs

In summary:

- Demonstrate proof of meeting the tonnage obligations of companies and compliance schemes.
- Provide the main vehicle for raising additional money from obligated businesses needed to stimulate investment in additional capacity.
- Their value is dependent on supply and demand, which in turn is dictated by the difference between Government-set targets and existing packaging recycling/recovery activity.
- Companies receiving PRN revenue are required to report how this revenue is spent. Three categories have been identified:
 - Investment in collection systems
 - Investment in reprocessing capacity
 - Development of recycle markets

The regulatory body has no role in directing these funds.

Previous PRN targets (all materials)		
	Recovery (%)	Recycling (%)
1998	38	7
1999	43	10
2000	45	13
2001	56	18
2002	59	19
2003	59	19

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