

Public Consultation Report on the Proposal on An Environmental Levy on Plastic Shopping Bags

PURPOSE

This paper presents the results of the public consultation on the proposal on an environmental levy on plastic shopping bags, and the proposed way forward.

BACKGROUND

2. The Environmental Protection Department (EPD) launched a public consultation on a proposal on an environmental levy on plastic shopping bags on 28 May 2007. The objective of the proposal is to reduce the indiscriminate use of plastic shopping bags through an economic disincentive. The proposal involves a phased introduction of an environmental levy of 50 cents on each plastic shopping bag distributed at retailers, with the first phase covering chain or large supermarkets, convenience stores and personal health and beauty stores. It is estimated that close to one billion plastic shopping bags could be saved each year with the introduction of the environmental levy. The public consultation lasted for about two months and ended on 31 July 2007.

PUBLIC CONSULTATION

3. The public consultation exercise adopted a multi-pronged approach, involving i) public opinion survey; ii) meetings of the Legislative Council (LegCo) Panel on Environmental Affairs, the Advisory Council on the Environment, the District Councils and the Green Group Liaison Committee; iii) Public Affairs Forum under the Home Affairs Bureau; iv) consultation sessions with major stakeholders, including plastic bag manufacturers, retailers and relevant trade associations; v) public forum; and vi) dedicated website, email and fax for written submissions.

4. A list of meetings, consultation sessions and public forum and a list of written submissions received during the public consultation period are at **Annex A** and **Annex B** respectively.

General Public

5. The Center of Communication Research of the Chinese University of Hong Kong was commissioned to conduct a public opinion survey on the proposal on an environmental levy on plastic shopping bags during the public consultation period. The survey was carried out in the period of 28 - 29 June and 2 - 4 July, with 1,102 telephone interviews successfully conducted.

6. Nearly 90% of the respondents of the survey agreed that there was room to reduce the use of plastic shopping bags in their daily life. 84% and 66% of the respondents supported the implementation of the “polluter pays” principle and the introduction of the environmental levy on plastic shopping bags respectively.

7. Among the respondents who supported the introduction of the environmental levy, 76% of them considered that a levy of 50 cents or more would be effective in discouraging the use of plastic shopping bags, and close to 80% said that they would reduce the use of plastic shopping bags or bring their own shopping bags more often if a levy of 50 cents was introduced. Close to 85% of the respondents, who supported the introduction of the environmental levy, also supported a phased approach. Among those who supported a phased approach, more than 95% of them agreed that supermarkets, convenience stores and personal health and beauty stores should be covered in the first phase. The key findings of the public opinion survey are further set out at **Annex C**.

8. We also consulted the Chairmen and Vice-Chairmen of the District Councils at their monthly meeting on 21 June. Most of the Chairmen and Vice-Chairmen spoke in support of the environmental levy. Upon invitation, we also joined the meeting of Wan Chai District Council on 17 July, and Members were generally supportive of the levy. In addition, we made use of the Public Affairs Forum under the Home Affairs Bureau to solicit views from some 500 Forum members. The majority of the views expressed was in support of the proposal.

9. Notwithstanding the general public consensus, some members of the public considered that the proposed environmental levy amounted to a penalty, and could be a burden upon the underprivileged. Some considered that most of the plastic shopping bags had already been productively reused as garbage bags or packaging bags. Some suggested that the Government should encourage the use of degradable plastic shopping bags instead. Others suggested that the Government

should strengthen public education and further work with retailers on the reduction, reuse and recovery of plastic shopping bags on a voluntary basis.

Legislative Council

10. The LegCo Panel on Environmental Affairs discussed the proposed environmental levy at its meetings on 28 May and 16 July. The meeting on 16 July was open for deputations. The majority of political parties, as well as the deputations, spoke in support of the environmental levy. They considered that the environmental levy was in line with the principle of “polluter pays”, and given the seriousness of plastic shopping bag abuse, it should be implemented as soon as practicable. Regarding the details of the proposal, some considered that the environmental levy collected should be deposited into an environmental fund to support environmental projects, while others suggested that the levy should be lowered to 10 to 20 cents so as to reduce its impact on the underprivileged.

11. While not opposing the introduction of the environmental levy in principle, a political party suggested that the voluntary efforts on plastic shopping bag reduction should be strengthened and continued for another two years, before considering the need to introduce an environmental levy. The party was also concerned that environmental levies, or producer responsibility schemes in general, could become another form of Goods and Services Tax and add undue burden to the trade and the public. The administrative costs of the proposed environmental levy might also add to the burden of small and medium enterprises.

Advisory Council on the Environment

12. The Advisory Council on the Environment, as well as its Waste Management Subcommittee, supported the Administration's proposal and considered that it should be implemented as soon as possible. The Council also accepted that the scheme, being the first phase in the introduction of producer responsibility schemes (PRS) in Hong Kong, should be simple and easy to administer such that it could get off the ground smoothly. The Council encouraged the Administration to review the scheme in a year's time, and consideration should be given to extending the scheme to other retail outlets so as to realize more environmental benefits and foster a level-playing field in the affected business sector.

Plastic Bag Manufacturers

13. Plastic bag manufacturers, as represented by the Hong Kong Plastic Bags Manufacturers' Association, opposed the proposed environmental levy on plastic shopping bags. They considered that plastic shopping bags were more environmentally friendly than other single-use carriers, such as paper bags. They also considered that plastic bags were productively reused by the general public and could be recycled if properly sorted. They questioned the effectiveness of the scheme in waste reduction, given the limited amount of plastic shopping bags disposed of at the landfills and the apparent risk of switching to other single-use carriers.

Retailers

14. The retail trade, as represented by the Hong Kong Retail Management Association, opposed the proposed environmental levy. They considered that chain and large supermarkets, convenience stores and personal health and beauty stores were being *unfairly* targeted under the proposal. They claimed that these major retailers only contributed to a small part of the problem, and had done the most in reducing plastic shopping bags on a voluntary basis. The retail trade also questioned the effectiveness of the proposal given the limited coverage initially and the risk of switching to other single-use carriers or other free sources of plastic shopping bags. They also had doubts on the success of overseas experience. The affected retailers disputed the figures of the landfill survey, which attributed some 20% of plastic shopping bags to them. The retail trade suggested that the Government should continue with voluntary initiatives on plastic shopping bag reduction.

Green Groups and Other Organizations

15. Green groups supported the proposed environmental levy. Yet, there were slightly different views on the details of the proposal, especially on the use of the levy. The majority of written submissions from other organizations also supported the environmental levy in principle, though there were some dissenting views on the effectiveness and long-term benefits of the proposed levy.

ADMINISTRATION'S RESPONSE TO THE VIEWS RECEIVED

16. We are very much encouraged by the overwhelming support of the respondents on our proposed initiatives to address our waste problems. We are also delighted to note that the public generally agree with the implementation of the “polluter pays” principle. The public consultation exercise has shown that there is a broad-based support from members of the LegCo, the Advisory Council on the Environment, the District Councils and the public on the proposed environmental levy on plastic shopping bags.

17. Notwithstanding the broad consensus, we are aware of the concerns frequently raised by those who have expressed reservations with our proposal. In particular, some challenge the objective of the proposal. They question why plastic bag should be targeted and whether the proposed levy is a disguised move by the Government to raise revenue. Some cast doubts on the effectiveness of our proposal and similar levy schemes introduced in other economies upon reduction in plastic shopping bag waste, and call on the Government to continue with voluntary initiatives. Among those who support our proposal, there are also frequent requests for the Government to use the levy collected for environmental purposes, to promote the use of degradable plastic bags and to step up recycling of plastic shopping bags. There have also been request for the Government to release the consultancy study conducted by GHK (Hong Kong) Limited (GHK). We would take this opportunity to respond to these comments and concerns.

Objective of the Proposal

18. It is universally accepted that usage of plastic bags is a common and in certain situation, necessary practice. The problem lies in the fact that we have been disposing of more than three plastic shopping bags per person per day. The core objective of our proposal is to reduce the *indiscriminate use* of plastic shopping bags affirmatively and effectively.

19. It has *never* been our intention to raise public revenue through the environmental levy. The environmental levy serves solely as an economic incentive to encourage the public to bring their own shopping bags and reduce the use of plastic shopping bags. The fewer plastic shopping bags the public use, the less revenue the levy generates. In fact, the public can, and should, avoid the environmental levy entirely by bringing their own shopping bags at all time.

Effectiveness of the Proposal

20. The effectiveness of our proposal should be measured against its objective, i.e. to reduce the indiscriminate use of plastic shopping bags. In this regard, we estimate that close to one billion plastic shopping bags could be saved each year with the introduction of the environmental levy.

21. There have been some concerns that as most people would reuse their plastic shopping bags as garbage bags, the proposed environmental levy could result in “switching” to bin liners, thus leading to an overall increase in plastic waste. In the case of Ireland, even though the environmental levy resulted in more frequent use of bin liners, there was still an overall reduction of 77% in the combined use of plastic shopping bags and bin liners. Given the extent of the indiscriminate use of plastic shopping bags in Hong Kong, there would still be ample scope for reusing plastic shopping bags as bin liners after the introduction of the proposed environmental levy.

22. Notwithstanding the above, we are mindful of the risk of “switching” to other single-use carriers, such as paper bags. We have, therefore, proposed a phased approach by first introducing the environmental levy at chain or large supermarkets, convenience stores and personal health and beauty stores. Given the nature of the products offered by these retailers and the shopping habits of Hong Kong people, the risk of “switching” to paper bags at these retailers is considered low. Yet, we will closely monitor the situation, and address any side effects that may arise. We have also undertaken to review the scheme after a year of implementation. The coverage of the scheme, in terms of both the types of retailers and the types of carriers, could be adjusted or expanded if considered appropriate.

Overseas Experience

23. Contrary to the claims propagated by interested parties, the overseas experience on environmental levy has largely been successful. Ireland introduced an environmental levy of EUR 15 cents (HK\$ 1.5) on plastic shopping bags at the retail level in March 2002. The plastic shopping bag usage dropped by 95% in the first year of implementation.

In subsequent years, the usage slightly rebounded, but was still 90% below the pre-levy level¹. As stated above, even taking into account of more frequent use of bin liners, there was still an overall reduction of 77% in the combined use of plastic shopping bags and bin liners. To maintain the effectiveness of the levy, Ireland has revised the levy upwards to EUR 0.22 (HK\$ 2.2) in July 2007.

24. Taiwan introduced its “Restricted Use Policy on Plastic Shopping Bags” in 2002, which involved i) a ban on plastic shopping bags with thickness less than 0.06 mm; and ii) an environmental levy at the retail level. After the introduction of the levy, the plastic shopping bag usage dropped by 80% in the first year, but slightly rebounded subsequently². The ban on “thin” plastic shopping bags has led to an increase in plastic bag waste in certain sector where plastic shopping bags are necessary. The Taiwan Environmental Protection Agency had therefore exempted restaurants with storefronts from the scheme since June 2006. Given the experience of Taiwan, we propose that we should adopt a phased approach, and review the scheme after a year of implementation.

25. Back in January 2005, the San Francisco City Government proposed to introduce an environmental levy of US\$ 17 cents (HK\$ 1.30) to reduce the use of plastic shopping bag. The proposal was withdrawn due to the objection from the trade. Instead, the City Government signed a voluntary agreement with major supermarkets in November 2005 to reduce 10 million plastic bags by December 2006³. Yet, it was reported that the target was not met⁴. In March 2007, a piece of legislation was passed to ban the use of conventional plastic shopping bags and to mandate the use of recyclable paper bags, compostable plastic bags or reusable checkout bags at supermarkets and pharmacies⁵.

Voluntary Efforts

26. Our voluntary efforts on plastic shopping bag reduction started in as early as 1993 with the launch of the “Bring Your Own Bags (BYOB)” campaign. Yet, the indiscriminate use of plastic shopping bags remains a prominent environmental problem as of today. We consider, and the public generally agree, that it is time for a more decisive action by

¹ <http://www.environ.ie/en/Environment/Waste/PlasticBags/News/MainBody,3199,en.htm>

² <http://www2.epa.gov.tw/enews/Newsdetail.asp?InputTime=0920627163727>

³ http://www.sfenvironment.org/our_sfenvironment/press_releases.html?topic=details&ni=118

⁴ http://www.sfenvironment.org/our_sfenvironment/news.html?topic=details&ni=32

⁵ <http://www.sfgov.org/site/uploadedfiles/bdsupvrs/ordinances07/o0081-07.pdf>

introducing the proposed environmental levy. The levy would work hand-in-hand with our continuing voluntary efforts to achieve a more reasonable use of plastic shopping bags.

Use of the Levy

27. As stated above, the objective of the proposal is to reduce the indiscriminate use of plastic shopping bags through an economic disincentive. We concur with the views of the Advisory Council on the Environment that it would be undesirable to associate the environmental levy with the funding of environmental protection initiatives. This could risk generating public misconception that they are contributing towards environmental protection by paying the environmental levy, which would defeat the very purpose of our proposal.

28. The Administration is firmly committed to environmental protection, regardless of the amount of the environmental levy collected. We will continue with our efforts to promote environmental awareness in the community and to address our waste problem in a sustainable manner through implementation of programmes on waste reduction, recovery, recycling and the adoption of latest technologies in waste treatment.

Degradable Plastic Shopping Bags

29. The use of degradable plastic shopping bags does *not* actually solve the problem of indiscriminate use. Instead, it gives a *wrong* impression that the public could use degradable plastic shopping bags without adverse environmental consequence. In fact, the disposal of degradable plastic shopping bags has its own environmental impact, and similarly imposes further pressure on our precious landfills. The mixing of degradable plastic shopping bags with conventional ones also makes the recovery and recycling of plastic shopping bags much more difficult. The best solution to our waste problem is, therefore, to bring our own reusable shopping bags at all time and avoid plastic shopping bags at source.

Recycling of Plastic Shopping Bags

30. While the proposed environmental levy focuses on reduction at source, we also very much encourage the recycling of plastic shopping bags. Since 2005, we have launched a territory-wide “source separation of domestic waste programme”, where plastic bags, together with other

plastic materials, are separately sorted and collected for recycling. Similarly, the 3-colored recycling bins also collect plastic bags and other plastic materials for recycling. In conjunction with the source separation programme, we plan to launch a programme to facilitate the plastic shopping bags recycling through more publicity and enhanced collection methods. Separately, we shall work with green groups to run pilot schemes to encourage multiple use of plastic shopping bags.

Consultancy Study by GHK

31. In December 2005, EPD commissioned GHK to conduct an “Assessment of the Benefits and Effects of the Plastic Shopping Bag Charging Scheme”. GHK identified and assessed four options for plastic shopping bags reduction, namely (1) voluntary approach; (2) combination of supplier levy and consumer charge; (3) consumer charge at all retail outlets; and (4) consumer charge at selected retail outlets (primarily supermarkets and convenience stores).

32. GHK considered that all options could reduce the number of plastic shopping bags, but a key issue to address was the risk of “switching” to alternative bags. Option (1) could achieve some reduction in plastic shopping bags, and the risk of “switching” to alternative bags was minimal. Options (2) and (3) could achieve significant reduction in plastic shopping bags but the risk of “switching” to alternative bags was substantial, and would likely result in more waste to our landfills. Option (4) could achieve considerable reduction in plastic shopping bags but the risk of “switching” to alternative bags was still present. Depending on the extent of switching, there could either be a net increase or decrease in the amount of waste.

33. We have taken note of GHK’s study in formulating our proposal. In particular, we generally share GHK’s concern over the risk of “switching” to alternative bags. We have, therefore, proposed a phased approach by first introducing the environmental levy at chain or large supermarkets, convenience stores and personal health and beauty stores. Given the nature of products offered by these retailers and the shopping habit of Hong Kong people, the risk of “switching” to alternative bags at these retailers would be limited. According to GHK’s assessment, under such a “no switching” scenario, option (4) would result in less waste to our landfills. Yet, we would closely monitor the situation, and address any problem of indiscriminate use that may arise. We have also undertaken to review the scheme after a year of implementation, as

recommended by GHK. The GHK's study has been made available online⁶.

WAY FORWARD

34. It is clear from the public consultation that there is a broad-based public support to the introduction of the proposed environmental levy to address the indiscriminate use of plastic shopping bags. As reflected in the written submissions, there has been an increasing awareness on environmental protection among members of the public, who consider that it is time for more decisive action to address our environmental problems. The proposed environmental levy responds affirmatively to this public aspiration.

35. Going forward, we shall proceed with the preparation of the relevant legislation, namely the Product Eco-Responsibility Bill (PER Bill). As stated in our paper to the LegCo Panel on Environmental Affairs, the PER Bill would set out the purpose of PRS, which encompasses environmental levy as a way to reduce waste at source; the types of products and materials to be covered by the Bill; and the major regulatory measures of the PRS on plastic shopping bags, including the imposition of the environmental levy and the definitions of plastic shopping bags and relevant retailers. The implementation and operational details of the PRS on plastic shopping bags would be set out in a piece of subsidiary legislation. It is our plan to introduce the PER Bill into the LegCo in the 2007/08 legislative session.

36. In the mean time, we will continue to work with green groups and retailers to reduce the use of plastic shopping bags on a voluntary basis. Last year, the Environment and Conservation Fund Committee agreed to dedicate \$10 million to support a public education programme under the "Policy Framework for the Management of Municipal Solid Waste (2005-2014)". A major year-long public education campaign has been approved to promote plastic bag reduction at wet markets, bakeries and newspaper stands. Aside from reduction, we would also encourage green groups to promote plastic bag reuse and recycling, so as to complement the proposed environmental levy and complete the loop of a circular economy.

Environmental Protection Department
August 2007

⁶ http://www.epd.gov.hk/epd/english/environmentinhk/waste/prob_solutions/env_levy.html

Annex A

List of Meetings, Consultation Sessions & Public Forum

Date	Consultation Sessions, Meetings & Public Forum
28 May	The Hon. Vincent Fang and Representatives of the Retail Trade
28 May	Legislative Council Panel on Environmental Affairs
05 June	Green Group Liaison Committee
06 June	Waste Management Subcommittee of the Advisory Council on the Environment
11 June	Advisory Council on the Environment
12 June	China Resources Vanguard
15 June	AS Watsons (PARKnSHOP and Watsons)
15 June	Hong Kong Plastic Bags Manufacturers' Association
18 June	Dairy Farm (Wellcome, Mannings and 7-Eleven)
21 June	Chairmen and Vice-Chairmen of District Councils
28 June	City'super
03 July	Circle-K
05 July	Jusco
06 July	Apita (UNY)
10 July	Marks & Spencer
12 July	Hong Kong Retail Management Association
16 July	Legislative Council Panel on Environmental Affairs (Meeting with Deputations)
17 July	Wan Chai District Council
22 July	Public Forum

List of Written Submissions

Groups	Number of Submissions
Advisory Body	
- Advisory Council on the Environment	1
Political Parties & Legislative Council Members	
- Civic Party	1
- Democratic Alliance for Betterment and Progress of Hong Kong	1
- Democratic Party	1
- Hong Kong Association for Democracy and People's Livelihood	1
- Liberal Party	1
- Hon. Vincent Fang	1
District Council Members	
- Mr. Chan Kin-shing (Yau Tsim Mong)	1
- Mr. Chan Kuen-kwan (Sai Kung)	1
Trade Associations	
- Chinese Manufacturers' Association of Hong Kong	1
- Federation of Hong Kong Industries	1
- Green Manufacturing Alliance	1
- Hong Kong Plastic Bags Manufacturers' Association	1
- Hong Kong Retail Management Association	1
Professional Organizations	
- Association of Engineering Professionals in Society	1
- Chartered Institution of Water and Environmental Management Hong Kong	1
- Hong Kong Institution of Engineers	1
- Hong Kong Waste Management Association	1
Green Groups	
- Clean Air Action Group	1
- Conservancy Association	1
- Friends of the Earth (Hong Kong)	1
- Green Council	1

- Green Sense	1
- Green Student Council	1
Other Organizations	
- Christians for Eco-concern	1
- Caritas Mok Cheung Sui Kun Community Centre	1
- Hong Kong Christian Service	1
- EC Group	1
- Wan Chai District Focus Group	1
Public Affairs Forum	
- Members of Public Affairs Forum	42
The Public	
- Members of the public	77
Total	148

**Key Findings of Public Opinion Survey on the
Proposal on An Environmental Levy on Plastic Shopping Bags**

Dates: 28 – 29 June; 2 – 4 July
Samples: 1,102 respondents of age 15 and above
Margin of Error: $\pm 3.0\%$ (95% confidence interval)

Key Findings

Scope for Reducing Plastic Shopping Bags

- 89.3 % of respondents agreed that there was room in reducing the use of plastic shopping bags.

“Polluter pays” Principle and Environmental Levy

- 84.0% of respondents supported or strongly supported the “polluter pays” principle.
- 66.2% of respondents supported or strongly supported the proposed environmental levy on plastic shopping bags.

Effectiveness of the Environmental Levy

- Amongst those supporting the environmental levy:
 - 76.2% (50.4% of all respondents) considered that a levy of 50 cents or above would be an effective deterrent.
 - 77.9% (51.6% of all respondents) would use fewer plastic shopping bags if a levy of 50 cents were imposed.
 - 79.9% (52.9% of all respondents) would more often bring their own bags if a levy of 50 cents were imposed.

Phased Approach

- Amongst those supporting the environmental levy:
 - 84.3% (55.9% of all respondents) supported a phased approach.
 - 95.3% of those supporting a phased approach (53.2% of all respondents) agreed that supermarkets, convenience stores and personal health and beauty shops should be covered first.

Reuse and Recycling

- 92.7% of respondents reused plastic shopping bags for the following purposes:

As garbage bags	90.4%
As general carriers	83.7%
As packaging materials	69.7%
As shopping bags again	64.6%
Others	2.1%

- 34.4% of respondents separately sorted out plastic shopping bags for recycling.
- 71.1% of respondents claimed that they brought their own bags in daily life.

Other Reduction Measures

- Amongst those not supporting the environmental levy (21.8%), the following measures were suggested to reduce the use of plastic shopping bags:

Measures	Of those not supporting the levy	Of all respondents
More public education	94.3%	20.5%
Voluntary scheme by retailers	82.5%	18.0%
More reuse and recycling	91.8%	20.0%
Ban on plastic bags	13.9%	3.0%
Others	17.5%	3.8%