

The Environmental Levy Scheme for Plastic Shopping Bags – Latest Levy Income

Purpose

This paper updates Members on the latest levy income collected under the environmental levy scheme for plastic shopping bags.

Background

2. The environmental levy scheme for plastic shopping bags was introduced under the Product Eco-responsibility Ordinance (Cap. 603). Under the levy scheme, prescribed registered retailers are required to charge their customers an amount of 50 cents as an environmental levy for each plastic shopping bag provided directly or indirectly to them. The levy scheme applies to a prescribed retailer who carries on a retail business at (i) 5 or more qualified retail outlets; or (ii) at least one qualified retail outlet that has a retail floor area of not less than 200 square metres. By “qualified retail outlet”, it refers to a retail outlet that offers all of the following three categories of goods for sale, namely (i) any food or drink; (ii) any medicine or first-aid item; and (iii) any personal hygiene or beauty product.

3. As at end March 2010, there are a total of 41 prescribed retailers registered under the Product Eco-responsibility Ordinance, and these retailers operate about 3 000 qualified retail outlets that are subject to the levy scheme.

Quarterly Levy Income

4. As required under the levy scheme, registered retailers have to submit to the Government quarterly returns setting out the number of plastic shopping bags distributed to customers in the non-exempted areas in all of their registered retail outlets as well as the amount of levy collected for such bags. So far, we have received three rounds of quarterly returns, a summary of which is as follows –

| Period | Levy Income | Equivalent PSBs Distribution |
|---|--------------------|-------------------------------------|
| 1 st Quarterly Return: 7 July to 30 September 2009 | \$6.7 million | 13.46 million |
| 2 nd Quarterly Return: 1 October to 31 December 2009 | \$6.4 million | 12.76 million |
| 3 rd Quarterly Return: 1 January to 31 March 2010 | \$6.7 million | 13.41 million |

5. It was projected under WMSC Paper 10/2009 that retailers in the categories of supermarkets, convenience stores and medicare and cosmetics on average distributed about 1.80 million plastic shopping bags a day in mid 2009 before the launch of the levy scheme. Since the introduction of the environmental levy in July 2009, figures in the above table show that registered retailers on average distribute about 148,000 plastic shopping bags daily. Based on the above statistics, the projected full year figure is some 53 million plastic bags to be distributed by registered retailers with levy income of about \$26 million. This scale of reduction is higher than the estimation we made in 2008 for an annual levy revenue of \$200 million¹. It is estimated that there are around 2 700 retail outlets managed by registered retailers in the sectors of supermarket, convenience stores, medicare and cosmetics.

6. While the levy collected is substantially less than estimated, it is totally in line with our policy objective to engender a green lifestyle and BYOB culture. The lower the levy income reflects the greater the positive impacts of the scheme. It has also been demonstrated that, with the benefit of the levy scheme, more members of the general public have changed to adopting BYOB as their everyday shopping habit.

Way Forward

7. We have been monitoring developments and maintaining liaison with the trade to exchange views on the implementation of the levy scheme. We have also supported green groups in sustaining our efforts in public education and publicity, including the promotion of BYOB as a

¹ We assumed a 50% reduction in the distribution of plastic shopping bags from prescribed retailers and a further 50% exemption of plastic bags that do not fall under the statutory definition with an environmental levy up to \$200 million a year based on the 2005 survey figure.

day-to-day shopping habit to make an impact in the broader community beyond the current scope of the scheme. Looking ahead, we will continue with our work on these fronts.

8. We have committed to the Legislative Council to conducting a comprehensive review of the environmental levy scheme in one year after its implementation so as to ascertain its effectiveness and to map out its way forward. This Subcommittee gave the following initial observations at its meeting of 27 November 2009 –

... On the way forward of the levy scheme, the Subcommittee did not consider the scheme should be extended to all retailers across the board and suggested the Government consider a selective approach. Among other things, the Subcommittee remarked that in line with international experience, exemption for food hygiene reasons should apply in Hong Kong. Practicality (including compliance costs) would also be an issue for small and medium enterprises (“SME”) and this might render extending the scheme to these SMEs impracticable. In those sectors where a levy might not be a suitable tool to promote waste reduction, the Government should continue to devise appropriate public education.

9. Over the past months, we have conducted further research into relevant experiences in other jurisdictions. We have also been collecting relevant data and statistics for the purpose of the comprehensive review. We will continue to maintain a constructive dialogue with the trade and other relevant stakeholders and take into account all relevant factors in the review.

10. Members are invited to take note of the content of this paper. We will also keep this Subcommittee updated of future development of the environmental levy scheme.

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