

**Public Consultation on the Extension of the
Environmental Levy Scheme on Plastic Shopping Bags**

Purpose

This paper seeks Members' view on the proposed Extension of the Environmental Levy Scheme on Plastic Shopping Bags (the Levy Scheme).

Background

2. The Levy Scheme has been implemented since 7 July 2009 as the first mandatory producer responsibility scheme (PRS) implemented in Hong Kong under the Product Eco-responsibility Ordinance. With the general support of the community, the first PRS has achieved remarkable results in reducing the indiscriminate use of plastic shopping bags (PSBs) in retail outlets subject to its regulation.

3. In January 2011, the Government announced a comprehensive strategy and updated action plan to tackle the imminent waste management problem in Hong Kong. Amongst other things, PRS continues to be a key policy tool and economic means in promoting waste reduction at source; it also acts as a constant reminder to members of the public of their 'eco-responsibility'. We are committed to expediting legislative proposals to extend this current PRS to encourage waste reduction.

Latest Progress

4. With the support of consumers and retailers, the Levy Scheme has been implemented successfully. Various indicators have shown that the Levy Scheme has been effective in deterring the indiscriminate use of PSBs. A landfill survey was conducted in mid-2009 and another similar survey in mid-2010 to collect statistics on the disposal of PSBs in the landfills before and after the launch of the Levy Scheme. According to the findings of the two landfill surveys, landfill disposal of PSBs

distributed by retail categories of supermarkets, convenience stores and medicare and cosmetics registered over 75% decrease in mid-2010 when compared with the same in mid-2009. The reduction in PSBs distributed by registered retailers since the launch of the Levy Scheme was also estimated to have reduced by as high as 90%.

5. Majority of the population supported the Levy Scheme by putting green living into practice. They used fewer PSBs and brought their own shopping bags. According to a telephone survey conducted by the Central Policy Unit earlier this year, over 75% of the respondents did not claim PSBs when shopping at a registered retail outlet; nearly 80% considered that the Levy Scheme has helped them develop the habit of 'Bring Your Own Bag' (BYOB), and over 80% of the respondents agreed that the Levy Scheme could effectively address the indiscriminate use of PSBs in Hong Kong.

6. Members of the public are ready to move ahead. To continue with the momentum, the Government on 17 May 2011 published the Consultation Document at [Annex](#) and launched a three-month public consultation to solicit the public's views on the extension of the Levy Scheme.

The Consultation Document

7. The Consultation Document comprises the following sections –
- (a) Chapter 1 explains the objectives of the Levy Scheme and provides an overall assessment on its effectiveness in addressing the indiscriminate use of PSBs in Hong Kong. In general, following the implementation of the Levy Scheme, there has been significant decrease in PSB distribution by registered retail outlets (over 90%) and consequential disposal of PSBs originated from the relevant retail categories; the actual levy income was far lower than originally estimated;
 - (b) Chapter 2 presents the justifications for extending the Levy Scheme, and the experience of the Mainland, Taiwan and Ireland where a mandatory charge for PSB distribution has been imposed at the retail level;
 - (c) Chapter 3 sets out the various issues considered and the

justifications leading to the Government's proposal to fully extend the coverage of the Levy Scheme, from some 3 100 to all (about 60 000) retail outlets in Hong Kong;

- (d) Chapter 4 analyzes the specific scope of the mandatory PRS under the option of full extension; key issues such as determining the coverage by product type or scale of operation as well as exemption have been discussed;
- (e) Chapter 5 discusses the pros and cons of the two mainstream approaches of how to handle the PSB levy, namely 'remittance to the Government' and 'retention by retailers', including how the latter could better address the burden of compliance upon small and medium enterprises (SMEs); and
- (f) Chapter 6 summarizes the proposals arising from our analysis and invites views from members of the public, the relevant trades and other stakeholders.

The Government's Mainstream Proposal

8. As we proposed in the Consultation Document, the mandatory PRS should be fully extended to include all retailers regardless of their business scale. Upon implementation, a charge of 50 cents would be required for each PSB distributed at any retail outlets in Hong Kong except that for food hygiene reasons, PSBs that are used directly and solely for carrying food would be exempted from the mandatory charge. We welcome views on whether there are other circumstances in which the use of PSBs is justified on food hygiene grounds. With such exemption arrangements, the need to have reference to carrying devices in the legal definition of shopping bags would be obviated¹. 'Flat-top' bags would therefore be covered under the extended scheme. We would devise a more specific definition of PSB that best fits the local situation during the law drafting stage. In order to reduce the compliance costs of SMEs (which make up 98% of all retailers in Hong Kong), we propose that the charge could be retained by retailers without the need of remitting to the Government, obviating the associated registration and reporting requirements.

¹ The Levy Scheme currently defines PSB as a bag (i) that is made wholly or partly of plastic; and (ii) there is a handle, handle hole, perforated line for tearing out a handle hole, carrying string or strap, or any other carrying device on, or attached to, it. 'Flat-top' bags (those bags without handles) commonly, though not exclusively, used for wrapping fresh food are not included in the current Scheme as they do not have any carrying device, and hence fall outside the legal definition of a PSB.

Way Forward

9. We welcome views from the public and other stakeholders from now till 16 August 2011. With reference to the analysis and options presented in the Consultation Document, Members are welcomed to comment on the effectiveness of the existing Levy Scheme, the proposed extension in covering all retailers, and the way in taking the PRS forward.

Environmental Protection Department
June 2011