

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

**Purpose**

This paper seeks Members' views on the proposed way forward in extending the Environmental Levy Scheme on Plastic Shopping Bags (the Levy Scheme).

**Background**

2. Introduced under the Product Eco-responsibility Ordinance (PERO, Cap. 603), the Levy Scheme was launched on 7 July 2009 as the first mandatory producer responsibility scheme (PRS) in Hong Kong. It currently applies to some 3 300 registered retail outlets; the relevant registered retailers are required to charge their customers an amount of 50 cents as an environmental levy for each plastic shopping bag (PSB) provided to them. They also have to submit to the Government quarterly returns setting out the number of PSBs distributed to customers in the non-exempted areas<sup>1</sup> in all of their registered retail outlets as well as the amount of levy collected for such bags. At the same time, they have to pay to the Government their levy income as stated in their returns on a quarterly basis.

3. As the first mandatory PRS implemented in Hong Kong, the Levy Scheme is demonstrably effective in reducing the excessive use of PSBs in Hong Kong in the registered retail outlets, among which PSB distribution was established to have dropped by up to 90% since the implementation of the Levy Scheme. At the same time, landfill surveys showed that the problem of excessive PSB use remains serious outside the current scope of the Levy Scheme. Within the retail categories other than the regulated sectors<sup>2</sup>, PSB disposal at the landfills was found to have increased by about 6% between mid-2009 and mid-2010.

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<sup>1</sup> At present, there are two types of exemption, one for non-specified goods and the other for third-party operators.

<sup>2</sup> Namely chain or large retailers such as supermarkets, convenience stores and medicare and cosmetic stores.

## **The Public Consultation**

4. Having reviewed the Government's comprehensive waste management strategy, we reaffirmed in January 2011 that PRS continues to be a key policy tool to promote waste reduction and recovery. We were also committed to expediting legislative proposals to extend the mandatory PRS on PSBs. A consultation document was subsequently published on 17 May 2011 for a three-month public consultation. This Subcommittee was also consulted at the last meeting held on 15 June 2011. During the public consultation, views to the following questions were sought –

- (a) *The Government proposes to extend this PRS on PSBs to cover all retailers. Do you agree with this direction?*
- (b) *Should you agree with the Government's proposal in extending the coverage of this PRS to all retailers, do you agree that all retailers, regardless of their business scale, should be covered?*
- (c) *Should exemption be granted to PSBs that are directly and solely used for food hygiene purposes? Are there other circumstances where the use of PSBs is also justifiable on the grounds of food hygiene?*
- (d) *Apart from those PSBs exempted, should we also include flat-top bags (those bags without handles) into the definition of PSBs and be regulated?*
- (e) *When extending the scope of the PRS to all retailers, our analysis revealed that requiring retailers to remit the charge collected to the Government would add cost to the operation of the retailers (in particular the SMEs). Given that the purpose of the PRS is not to raise Government revenues but to deter indiscriminate use of PSBs through economic disincentive, should we adopt the Government's proposed approach to reduce indiscriminate PSB use by introducing legislation on a mandatory charge by retailers where the charges collected need not be remitted to the Government as the practice already adopted in the Mainland and Taiwan?*

## **The Extended Producer Responsibility Scheme**

5. We received over 1 800 submissions during the public consultation, including some 700 submissions that are duplicated submissions signed by different individuals. We also attended 20 meeting sessions, exchanging views with District Councils, green groups, trade organizations, advisory bodies and other stakeholder groups. In addition, a telephone survey was conducted with 1 005 respondents successfully completed the interview. On the whole, the community's feedback is supportive. We noted that since the implementation of the PRS in July 2009, PSB disposal has declined sharply within the retailer sector currently being regulated though disposal of substitute products (such as non-woven bags) has shown a moderate increase. At the same time, the change in consumer behaviour towards "Bring Your Own Bag" (BYOB) is visible. In view that the Levy Scheme is successful but currently limited in its scope, there is general support for extending the PRS to a wider coverage so as to further address the problem of excessive PSB use in Hong Kong. For instance, in the telephone survey, 66.8% of the respondents supported the extension of the PRS to cover also small and medium enterprises (SMEs). On the other hand, there are concerns about the implementation details in extending the coverage of the PRS, particularly about the potential implications on the operation of and compliance costs on the SMEs.

6. In light of the views collated, we propose that the extended PRS should take the following form –

- (a) free distribution of PSBs is banned in the retail sales of any goods. Subject to the exemption in (b), where PSBs are distributed in the retail sales of goods, the seller (i.e. the retailer) would be required to charge the customer not less than 50 cents for each PSB provided to that customer (the PSB charge);
- (b) exemption to (a) applies to PSBs that are used to contain solely food, drink, medicine or other items for human or animal consumption. The exemption should also apply when these items are packed in a manner that is not securely segregated from the outside environment, in order that PSB use in ensuring food hygiene would not be discouraged by the mandatory charge;

- (c) flat-top bags would be added and covered under regulation while any shopping bag that is made wholly or partially of plastic, including non-woven bags, paper bags with plastic lamination, will continue to be regulated as at present; and
- (d) retailers may retain the PSB charge without the need of remitting it to the Government and the existing administrative requirements comprising registration of retailers and retail outlets, keeping of records as well as submission of quarterly returns to the Government would be removed.

7. We note that there are concerns about the effective enforcement under the proposed extension of the PRS. As in the experience of the Mainland and Taiwan, successful implementation of the proposed extension has to be relied primarily on the community support to make behavioural change towards BYOB, which is evident in the first phase of the scheme. In order to sustain the community support, we would proactively step up publicity and public education. In parallel, we would conduct inspections and surprise checks in addition to acting on complaints, in order to deter non-compliance. These combined measures are necessary to achieve the objectives of the extension, notwithstanding the proposal under paragraph 6(d) above to remove the record keeping requirements. There may be isolated cases of contraventions of the proposed ban on free distribution of PSBs. Yet there is a prima facie case to put in place a fixed penalty system for such contraventions. This suggestion has been raised during the public consultation. We would look into the issues involved with a view to drawing up more specific proposals on adding a fixed penalty system in the legislative stage.

### ***Definition of Retailers***

8. In 2009, the Levy Scheme was launched to achieve an environmental cause, i.e. to tackle the problem of excessive PSB use, through inculcating a behavioural change towards BYOB in a sustained manner. In the first phase it targets specific retail categories that accounted for a significant proportion of PSBs being landfilled as at the pre-levy time. Therefore under the current legislation, the PRS applies to a retailer who carries on a retail business at (i) five or more qualified

retail outlets<sup>3</sup>; or (ii) at least one qualified retail outlet that has a retail floor area of not less than 200 square metres. As at end September 2011, there were a total of 42 retailers registered under the PERO, and these registered retailers operate some 3 300 qualified retail outlets that are subject to the PRS.

9. Feedback from the consultation earlier this year showed general support for the PRS to adopt maximum coverage. The current legislative approach in defining specific categories of retailers for the purpose of the coverage of the PRS will no longer be appropriate under the proposed extension. The general, dictionary meaning of “retail” refers to the sale of goods (as against services) directly to the ultimate end-users, i.e. consumers, usually in small quantities (as against wholesales). As the objective of the introduction of the PSB charge is to serve as an economic tool to remind consumers at the point of sales of goods regarding the environmental costs associated with PSB use, we should aim to trigger this economic tool at every point of sales of goods under the proposed extension of the scheme. Accordingly, we would need to amend the current statutory definition of retailers in the PERO so that the definition would not tie the person to the categories of goods that he sells at a retail outlet or the number of outlets that he operates. Subject to the exemption for PSBs used on food and environmental hygiene reasons (cf. paragraphs 10 to 13), where PSBs are distributed in the retail sales of goods, the seller (i.e. the retailer) would be required to charge the customer not less than 50 cents for each PSB provided to that customer. On the other hand, while there are primarily service businesses that also sell goods, e.g. tutorial schools selling books and stationery and hairdressing salons selling hair care products, such act on the sales of goods should also be subject to the extended PRS.

### ***Exemption for Food and Environmental Hygiene Reasons***

10. Similar schemes in the Mainland, Taiwan and Ireland all grant exemption to PSB associated with food. It has been our intention to specifically provide for a similar exemption arrangement on food hygiene grounds when the PRS is extended. We have adopted an open position during the public consultation as to how to draw the line for such “food hygiene” exemption. We indicated that the exemption would intuitively exclude PSBs that are used directly and solely for carrying food, while we also welcomed views on other justifiable situations where similar

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<sup>3</sup> 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.

exemption should be granted. We also cited Ireland's experience for general reference. In Ireland's case (see Annex A), only one layer of levy-free wrapping is allowed for food items such as fruits, nuts or vegetables; confectionary; dairy products; cooked food (cold or hot); and ice. Additional layers of packaging (including the use of bags) are allowed, free of levy, for fresh fish, fresh meat and fresh poultry.

11. As evident in the findings of our telephone survey as well as the written submissions received during the public consultation, there is overwhelming support (over 80%) for a specific provision to exempt PSB use for food hygiene purposes. While some groups tend to go for a more stringent approach, there are calls from the community that more flexibility should be allowed so as to adequately cater for different everyday local scenarios as far as possible. On balance, we consider it appropriate for "foodstuffs" qualifying for exemption to include all food, drink, medicine or other items that are for human or animal consumption. If a PSB is used to contain solely such items which are not packaged in a way that they are securely segregated from the outside environment, the PSB would not be subject to the PSB charge. We consider that by defining the scope of exemption as proposed, we should be able to address the community's concerns about certain forms of packed food, notably lunch boxes, which could have a practical hygiene concern albeit already in some form of packaging.

12. During the public consultation, there were suggestions of extending the exemption to cover PSB carrying frozen/chilled food or broadly "temperature-controlled goods". At present, such food items are commonly carried in flat-top bags (not subject to levy) nominally to segregate the condensation (of water vapour) from other goods. We however note that condensation comes about from a temperature difference and could not be avoided by another layer of wrapping. The intended purpose of segregation could also be served with the use of separate reusable shopping bags. We therefore do not propose exemption to cater for securely packed frozen/chilled food.

13. On the other hand, the medical profession brought up the issue of ziploc bags for wrapping prescribed medications. We notice that it is already a current practice that there is sealed packaging for most (if not all) drugs for the avoidance of cross contamination, regardless whether the prescriptions were obtained from the medical practitioner or a pharmacy. Yet at the same time, it has all along been our policy objective for the PRS (including in its current phase) to target at shopping bags, but not bags that form *part and parcel* of the products concerned.

Given that ziploc bags dished out at clinics and hospitals are often labeled showing the relevant dosage and method of usage, they should fall under the latter case (i.e. bags forming part and parcel of the product) rather than being treated as shopping bags. In our publicity and public education, we would explain more clearly how this principle should apply to these ziploc bags and other applicable cases. We would also consider how best to make our policy intent more explicitly in the law drafting stage so as to put it beyond doubt that any plastic bag that forms part and parcel of a product is not subject to the PRS.

### ***Excessive Use of Flat-top Bags and Non-woven Bags***

14. As explained above, the issue of food hygiene is now handled by excluding flat-top bags from the statutory definition of PSBs across the board. These flat-top bags do not have a carrying device and are usually used to wrap fresh food. With the specific exemption provision discussed in paragraphs 10 to 13, the current approach would become obsolete and there is a case to subject flat-top bags to the PRS. This proposal would help deter the problem of excessive use of flat-top bags which is increasingly reported. As revealed in our telephone survey, 63.4% of the respondents supported the regulation of “flat-top” bags. Close to 60% of the written submissions also indicated a supportive view. We would look into the detailed drafting issues relating to the inclusion of flat-top bags under the regulation of the extended scheme.

15. The issue of non-woven bags has aroused substantial attention during the public consultation when the Hong Kong Plastic Bags Manufacturers’ Association published certain trade data alleging that the manufacturing of such bags increased after the implementation of the PRS and more plastic materials were consumed in Hong Kong as a result<sup>4</sup>. In our view, the effectiveness of the PRS should be assessed with statistics at the disposal (rather than manufacturing) end which shows that after the implementation of the PRS, the number of PSBs being landfilled has dropped by about 75% as far as supermarkets, convenience stores as well as personal health and beauty stores are concerned<sup>5</sup>. Moreover, quite different from single-use PSBs, non-woven bags are manufactured for multiple reuse purpose. In comparison, the disposal of reusable shopping bags (mostly non-woven

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<sup>4</sup> According to the trade, a non-woven bag contains 30 to 50 times more of plastic materials than a conventional PSB does.

<sup>5</sup> The reduction could be up to 90% after taking into account the fact that only about 65% of the retail outlets falling under the three retail categories are registered retail outlets under the current PRS.

bags, also known as the misnomer of “eco-friendly bags”), albeit increased, is equivalent to 0.4% of the overall PSB disposal as at mid-2010. In any case, non-woven bags are commonly made of polypropylene, which is a type of plastic, are subject to a PSB charge if distributed at retail outlets unless they are sold as products at a price of \$5 per unit or more. For illustration purposes, we have set out at Annex B the types of PSBs that would broadly come under the extended PRS in the next phase.

### ***Retailers to Retain the PSB Charge***

16. How to handle the PSB charge is a more contentious issue in seeking to extend the PRS. During the public consultation, we have extensively explained that the existing approach requires retailers to remit their levy income to the Government on a quarterly basis (the “remittance approach”) and comply with certain administrative requirements relating to registration, quarterly reporting and record keeping. It could be too burdensome for SMEs which form over 90% of the retail industry in Hong Kong. Newspaper vendors, who operate as a high-speed cash trade, provide a case in point. Their current mode of business operation would require very fundamental changes if they are subject to the above-mentioned requirements most notably in terms of record keeping. Our mainstream proposal, allowing retailers to retain and handle the PSB charge on their own without the need of remitting to the Government (or the “retention” approach, as against the current “remittance” approach), represents a proper balance between the need to extend the PRS and the practical difficulties facing the SME retailers. During the consultation, the proposed retention approach is welcomed by affected trades as they see this as a more practical way in discharging their duties when participating in the PRS. But admittedly, as far as the general public is concerned, views are fairly divided.

17. We have analyzed the community’s concerns over the “retention” approach. Some people are against the consequence of adopting this approach that existing registered retailers (being mostly chain operators) could achieve savings and earn additional income which should otherwise be remitted to the Government under the current regime. They do acknowledge that it might not be feasible if the PRS were extended to SME retailers in its current form and accordingly they have advocated a “dual” system where status quo should continue to apply to the existing registered retailers, and the “retention” approach should only apply to retailers newly covered by the PRS. We have analyzed in the Consultation Document that the so-called “dual” system being advocated

is far from a grandfathering arrangement in that it is entirely feasible for new chain operators to enter the market. There are also other legal and practical concerns (see Annex C) suggesting that a “dual” system should not be further pursued.

18. On a slightly different argument, some people consider that the Government should not forego the current levy income (about \$25 million annually). They have counter-proposed various alternative systems (such as an import tax or manufacturing of designated shopping bags) so as to alleviate the operational challenges of requiring a PSB charge at the retail level while preserving the PRS as a source of government revenue. While these alternative systems are not without problems (also see Annex C), it remains our professed policy intent that the PRS is NOT a revenue-generating measure. The PRS charge is an economic tool that should be applied at the retail level to deter excessive use of PSBs and it has been proven very effective in achieving its intended objective.

19. Finally, some showed concern that the PSB charge would change in nature from public money to proceeds of private businesses and that might have adverse impact on compliance for the reason that consumers or retailers might be more prone to enter into private deals to circumvent the PSB charge through discount or rebate. During the public consultation, we explained that the “retention” approach has been implemented in the Mainland and Taiwan. For Hong Kong, the extension of the PRS is premised upon the success of the first phase which has inculcated a BYOB culture within our community. Non-compliance would be restricted to the minority who could be dealt with through a combination of publicity, public education, deterrence and enforcement.

20. On the whole, we could see that the “retention” approach is broadly seen as acceptable in the community. For instance, according to our telephone survey, close to 60% of the respondents were supportive in case the “retention” approach was confirmed as the means to achieve the extension of the Levy Scheme. Almost 90% of the respondents confirmed that they would continue with their BYOB habit if the PRS was extended under the “retention” approach. We therefore propose to reaffirm the proposal such that upon the extension of the PRS, retailers may retain the PSB charge without the need of remitting it to the Government.

### ***The Compliance System***

21. At present, the existing compliance system covers about 5% of all retail outlets and is stringent so as to protect public money. Such consideration would no longer apply with over 60 000 retail outlets to be covered and after switching to the “retention” approach. We would seek to streamline the administrative requirements and lessen the compliance cost to accommodate all SMEs. Under the extended PRS, the existing administrative requirements comprising registration of retailers and retail outlets, keeping of records as well as submission of quarterly returns to the Government would no longer be required. The enforcement strategy would also require adjustments. In the telephone survey, “publicity and public education” as well as “consumers’ self discipline” have been ranked as the most important factors for the extended PRS to become successful, ahead of “effective enforcement” by a significant margin. Echoing this public opinion, we would embark a continuous public education programme to get our community prepared well in advance before the relevant legislative proposals are introduced into and enacted by the Legislative Council (LegCo).

22. With enhanced publicity and a deepening BYOB culture, we envisage that non-compliance would unlikely be an extensive phenomenon but mostly involve isolated cases of a minor nature. There were suggestions during the public consultation that a fixed penalty system could be introduced under the extended PRS. We have carefully examined the issue. Preliminarily, taking into account the huge number of daily retail transactions that would be subject to the extended PRS and the minor nature of most contraventions, we consider that a fixed penalty system is not inappropriate for contraventions relating to the ban on free PSB distribution. While we do not envisage the prevalence of non-compliance in view of the community’s rooted BYOB habit, the additional provision of a fixed penalty system could enhance enforcement efficiency without compromising the deterrence effect. At the same time, the option to institute normal criminal proceedings will be retained to tackle breaches of serious nature such as repeated or systemic problems.

23. Our policy intent has always been imposing liabilities on the retailer, i.e. the business owner instead of the employees acting on his behalf, as in the case of the current Levy Scheme. We also aim to take into account the seriousness of the contraventions in determining the appropriate penalty level which should be commensurate with the deterrence effect that is desired. At present, there have been five convicted cases since the implementation of the Levy Scheme and the

actual fines sentenced by the court (for each count of offence) was \$2,000. Taking into account any view that this Subcommittee might have, we would look further into the issues with a view to drawing up more specific proposals in the legislative stage.

24. In preparing for commencement of the extended PRS, we would step up communication and publicity efforts with the retail trades, in particular SME retailers that handle mainly cash-based transactions, to enhance their understanding of both the objectives and the compliance requirements under the extended scheme. To maintain the deterrence effect of the extended PRS, we would also launch dedicated campaigns to support inspection and enforcement.

### **Other Options**

25. An option to avoid the complications associated with the operational challenges for SMEs is to selectively target at operators of chain stores other than supermarkets, convenience stores and personal health and beauty stores. We do not consider this option preferable because it could not be robustly defended and articulated from the environmental objective. In actual practice, the vast majority of the retailers in Hong Kong are SMEs. Continuing to target at chain operators could only achieve very modest extension that might not match with the general community support for the PRS to adopt maximum coverage.

### **Way Forward and Advice Sought**

26. The LegCo Panel on Environmental Affairs was consulted on 28 November 2011. We would look into the comments received while taking forward the proposal to effect the extension through continuous engagement with all stakeholders and embarking on law drafting procedures. In particular, we would engage the trades throughout the process to ensure that in addition to drawing effective operational details of the extended PRS, we could raise the awareness of the trade of the upcoming PRS.

27. In response to the community's concerns about the excessive distribution of non-woven bags, we would continue to promote the reduced use of such bags to the retail trade and the wider community. There are also resources under the Environment and Conservation Fund

to support public education programmes that are organized by non-profit-making organizations to support those themed at proper use of PSBs and compliance with the extended system, etc.

28. Members are invited to comment on our approach to extending the PRS as outlined above.

**Environmental Protection Department**  
**December 2011**

**Ireland's Environmental Levy Scheme on Plastic Shopping Bags –  
Exemption for Food Hygiene**

- (a) plastic bags solely used to contain –
  - (i) fresh fish and fresh fish products,
  - (ii) fresh meat and fresh meat products, or
  - (iii) fresh poultry and fresh poultry products
  
- (b) plastic bags solely used to contain the products referred to in paragraph (a) where such products are contained in packaging, (including a bag)
  
- (c) plastic bags solely used to contain –
  - (i) fruit, nuts or vegetables,
  - (ii) confectionery,
  - (iii) dairy products,
  - (iv) cooked food, whether cold or hot, or
  - (v) ice

provided that such products are not otherwise contained in packaging

**Different Types of Bags and the  
Applicability of the Mandatory Producer Responsibility Scheme**

	<b>Bags</b>	<b>Covered under the Current PRS</b>	<b>Proposed to be Covered under the Extended PRS</b>	<b>Remarks</b>
1.	  (Plastic Shopping Bags)	Yes	Yes	<ul style="list-style-type: none"><li>As defined in Schedule 2, Product Eco-responsibility Ordinance, “plastic” includes polyethylene, polypropylene, polyvinyl, chloride and nylon.</li></ul>
2.	  (Non-woven Bags)	Yes	Yes	<ul style="list-style-type: none"><li>Non-woven bags are commonly made of polypropylene, which is a type of plastic.</li></ul>

	<b>Bags</b>	<b>Covered under the Current PRS</b>	<b>Proposed to be Covered under the Extended PRS</b>	<b>Remarks</b>
3.	 <p>(Paper Bags with Plastic Lamination)</p>	Yes	Yes	<ul style="list-style-type: none"> <li>• Due to the plastic content in the lamination, these paper bags fall under the current definition of “plastic shopping bags”.</li> <li>• By the same token, paper bags with other plastic content, say in the handling device or other decorative elements, also fall under the current definition of “plastic shopping bags”.</li> <li>• There are only minimal cases of these bags being subject to the mandatory charge given that these types of bags are not commonly used by the prescribed retailers (mainly supermarkets, beauty and medicare stores) under the existing PRS. This might change in future if retailers that sell clothing, footwear and associated products as well as various types of other consumer goods etc. are also covered by the Scheme.</li> </ul>
4.	 <p>(Flat-top Bags)</p>	No	Yes	<ul style="list-style-type: none"> <li>• Flat-top bags do not fall under the current definition of “plastic shopping bags”, as such bags do not include a carrying device.</li> <li>• As we have proposed for the extended PRS, the statutory definition of “plastic shopping bags” would be amended to also cover bags without a carrying device.</li> </ul>

**Analysis of the Alternative Systems for the Extension of the Environmental Levy Scheme on Plastic Shopping Bags**

**A “Dual” System**

There are suggestions of a “dual” system under which –

- (a) in view of the proven success of the “remittance” approach applied to chain operators of selected sectors in the context of the current Levy Scheme, status quo should continue to apply to the existing registered retailers; and
- (b) given the better prospect in easing the burden of the wider retail industry, the “retention” approach should apply to the newly covered retailers (which are mostly SMEs).

During the public consultation, we have explained that this “dual” system is not practicable because in theory, registered retailers could deregister from the current Levy Scheme. On the other hand, retailers who are required to collect the same mandatory PSB charge could be subject to different statutory requirements. The differential treatment could confuse the public on the whole purpose of the mandatory PRS.

2. On further examination of this alternative taking into account the feedback received during the public consultation, we note that a “dual” system only applies the “remittance” approach to existing chain operators of supermarkets, convenience stores as well as personal health and beauty stores. It does not apply to new entrants of chain operators with a similar business nature or other chain operators selling other products (say apparels). The objective of such differential treatment is unclear and arbitrary. Putting in place such a system could therefore lead to concerns on wider issues such as the level-playing field in the retail industry and the equality among retailers before the law. In the absence of justifications to establish a legitimate aim for such differential treatment, we do not recommend it as the way forward of the extended PRS.

**An Import Tax System**

3. The intention of an import tax system is to enable the Government to collect the PSB charge in a less costly manner than requiring remittance from individual retailers (including SMEs) through a burdensome compliance system. It has been argued that there would be price adjustment due to the import tax and the market mechanism would result in reduced PSB use accordingly.

4. In general, there are several types of PSB reduction measures that are being implemented internationally. Some jurisdictions have adopted an environmental levy at the manufacturing or import level and the merits of such alternative (as against a levy pitched at the retail level) have been widely deliberated in the preparation stage of the current Levy Scheme. In gist, we considered and it has been proven in the first phase that PSB reduction measures implemented at the retail level could more directly remind consumers of the environmental costs associated with PSB uses and could more effectively promote BYOB.

5. We believe that this alternative is revived for deliberations during the public consultation largely as a means to preserve the revenues generated under the PRS, rather than an effective means to inculcate behavioural change. Yet as a matter of principle, the PRS is not and should not be regarded as a revenue-generating measure. Similarly, we do not recommend it as the way forward of the extended PRS.

### **A Designated Bag System**

6. The idea of a designated bag system is similar to that of an import tax system. Considerations in paragraphs 4 and 5 also apply to this alternative. In addition, under such a system, all PSBs used in the retail industry would have to come from government or government-accredited sources, a practice that we have so far failed to find any overseas precedent. Arguably, this could enable the Government to impose environmental standards (e.g. size, design and material used, etc.) in the manufacturing of PSBs used in Hong Kong. But this could have sidetracked the primary objective of the PRS, i.e. to inculcate behavioural change towards BYOB and reduce in the excessive use of PSBs. Given also the wider regulatory implications, we do not recommend it as the way forward of the extended PRS.