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**Subcommittee on
Eco-responsibility (Plastic Shopping Bags) Regulation**

**Background brief prepared for the
meeting on 19 February 2009**

Purpose

This paper gives a summary of discussion by the Panel on Environmental Affairs (the Panel) on the Eco-responsibility (Plastic Shopping Bags) Regulation (the Regulation).

Introduction

2. In December 2007, the Product Eco-responsibility Bill was introduced to provide a legal framework for implementing producer responsibility schemes (PRS)¹ in Hong Kong, with the environmental levy on plastic shopping bags (PSB) as the first PRS under the Bill. In gist, an environmental levy of 50 cents on each PSB distributed by retailers will be implemented by phases. Chain or large supermarkets, convenience stores as well as personal health and beauty stores will be covered in the first phase. The objective is to reduce the indiscriminate use of PSB.

3. The Product Eco-responsibility Ordinance (Cap. 603) (the Ordinance) was enacted in July 2008. The key regulatory measures of the environmental levy scheme are set out in Part 3 of the Ordinance. These measures include registration with the Director of Environmental Protection for “prescribed retailers” who would like to provide PSB to customers, charging of the environmental levy for each PSB provided to a customer, submission of periodic returns and payment of environmental levies, and keeping of relevant records and documents.

¹ Under a PRS, manufacturers, importers, wholesalers, retailers or consumers are required to share the responsibility for reduction at source, collection, recycling, treatment or disposal of end-life products, with a view to avoiding and reducing the environmental impacts caused by such wastes. It is proposed that PRS for six types of products, namely, vehicle tyres, plastic shopping bags, electrical and electronic equipment, packaging materials, beverage containers and rechargeable batteries.

The Regulation

4. Pursuant to section 29 of the Ordinance, the implementation details of the environmental levy scheme on PSB are to be further prescribed in the Regulation, which would provide for operational matters concerning –

- (a) Registration of retailers;
- (b) Exemption for certain area within a registered retail outlet;
- (c) Submission of returns and payment of levies; and
- (d) Record-keeping.

The Regulation is subject to the approval of the Legislative Council under the positive vetting procedure.

Major issues raised by the Panel

5. The Panel received a briefing on the implementation details of environmental levy scheme on PSB under the Regulation at its meeting on 24 November 2008.

Definition of PSB

6. The Ordinance provides that a bag is a PSB to which the Ordinance applies if it is made wholly or partly of plastic and there is a hole, perforation, handle or string on or attached to it. According to the Administration, all PSB, regardless of their sizes and materials, given out at registered retail outlets would be subject to the levy of 50 cents as long as they fall within the definition of PSB under the Ordinance.

7. Some members expressed concern about possible abuse if PSB only referred to those which had a hole, perforation, handle or string on or attached to them. Registered retail outlets could easily get round the levy by providing PSB with no holes, perforations or handle. On the other hand, non-registered retail outlets might be able to profiteer by charging each PSB distributed to consumers who might not be aware of the non-application of the levy to such outlets.

Implementation details of the scheme

8. Some members cautioned that the many implementation details of the scheme, such as registration, keeping of records, submission of returns and payment of levies etc, might pose compliance difficulties on the affected trades. Besides, cumbersome implementation details might not be cost-effective and might incur additional administrative cost.

Extension of the coverage of the scheme

9. Members noted that extension of the scheme to retailers other than those covered under the Regulation would be considered subject to a review of the first phase of the scheme. Some members held the view that apart from retailers, the scheme should apply to manufacturers. The Government should also take the lead in avoiding the indiscriminate use of PSB, such as those large PSB used in street cleaning.

Use of levy

10. Members were disappointed that the Administration had previously turned down their request of using the levy to set up a fund to take forward environmental initiatives to better meet public aspirations.

Relevant papers

Information paper provided by the Administration for the EA Panel meeting on 24 November 2008

<http://www.legco.gov.hk/yr08-09/english/panels/ea/papers/ea1124cb1-223-3-e.pdf>

Minutes of the EA Panel meeting on 24 November 2008

<http://www.legco.gov.hk/yr08-09/english/panels/ea/minutes/ea20081124.pdf>

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