

Promotion of Recycling and Proper Disposal (Product Container) (Amendment) Bill 2015

At the meeting on 30 November 2015, deputations and Bills Committee members raised various comments about (i) the regulatory framework proposed under the Promotion of Recycling and Proper Disposal (Product Container) (Amendment) Bill 2015 (“the Bill”) for the purpose of the mandatory producer responsibility scheme (“PRS”) for glass beverage containers and (ii) other complementary measures for the mandatory PRS. This note sets out the Government’s overall response in paragraphs 2 to 6 and paragraphs 7 to 10 respectively. As for our specific response to individual deputations, please refer to the Annex.

Overall Response: Regulatory Framework of the PRS

Scope of Regulation

2. Our proposal is to adopt a phased approach such that the PRS will initially cover glass beverage containers. The reasons for not proposing to cover all products that are held in glass containers under the mandatory PRS have been explained in paragraph 7 of the Legislative Council (“LegCo”) Brief.

3. We do not consider the proposed phased approach would cause significant “switching effect” because the majority of beverages held in glass containers are alcoholic beverages for which glass containers are generally preferred for preservation of product quality. Subject to future review and consultation with stakeholders, the mandatory PRS may be expanded to cover other products. Pending that, suitable arrangements would be made in the future service contract for the Glass Management Contractors (“GMCs”) ¹ such that the costs for the treatment of the recovered non-beverage glass containers will not be taken into account in estimating the recycling levy under the currently proposed mandatory PRS.

Charging of Recycling Levies and Exemption

4. Our proposal is to collect the recycling levy from the registered

¹ They will be appointed by the Government through open tender to collect the waste glass containers from waste producers after the regulated articles are consumed and to properly treat or arrange for proper reuse of such waste glass containers.

suppliers of regulated articles. At the first Bills Committee meeting on 30 October 2015, we also discussed, amongst other things, the costs and benefits of the mandatory PRS and the mechanism to determine the recycling levy. Our response vide LegCo Paper CB(1)270/15-16(01) is relevant. In gist, the recycling levy seeks to cover the full cost of the mandatory PRS. After ascertaining such full cost through open tender, we will prescribe the specific level of the recycling levy by way of subsidiary legislation to be introduced for positive vetting by the LegCo in the next stage.

5. Some deputations made reference to the Environmental Levy Scheme on Plastic Shopping Bags suggesting that a small charge at points of sales could be effective in creating economic incentive to reduce the excessive use of certain products. Others advocated the implementation of deposit and refund schemes under the mandatory PRS to help boost recovery rate. We consider that –

- (a) the key objective of the proposed mandatory PRS is not to discourage the consumption of beverages held in glass containers;
- (b) the alternative of collecting the recycling levy at the retail level is far less cost effective given the vast number of catering and retail establishments; and
- (c) recovery of waste glass beverage containers should be encouraged. We have undertaken to provide exemption to suppliers who organize recovery arrangements (for example a deposit and refund scheme) by which waste glass beverage containers of their brands are collected for reuse after proper cleansing and sterilisation. In addition, it is open to bidders for the GMC contracts to offer such recovery arrangements in their returns to the open tender in due course.

6. As regards the proposed levy collection mechanism, we take note of concerns about certain reporting or audit requirements causing undue compliance cost to the operators particularly small and medium-sized enterprises. We would carefully consider how to address such concerns at the next stage as we develop the operational details to be prescribed in subsidiary legislation. For this purpose, we conducted a Business Impact Assessment study to gauge relevant information and will continue to closely engage the trade.

Overall Response: Complementary Measures

Progressively Stepping Up Preparatory Work for the PRS

7. Some deputations expressed concerns about our readiness in launching the territory-wide PRS given that the recovery rate we could now achieve remains significantly below our target of 50 000 tonnes of waste glass containers per annum. We wish to highlight that we are continuously extending our preparatory work to prepare the community and the trades for the future mandatory PRS. Since the public consultation in 2013, we have considerably expanded the glass container collection network with initial emphasis in residential estates. As at September 2015, there were a total of 1 250 residential collection points, equivalent to an approximate population coverage of 70%, and some 500 collection points in other premises and public places.

8. We will further mobilise more public participation in putting the concept of “clean recycling” into practice through the progressive implementation of Community Green Stations (“CGSs”) and other publicity and public education initiatives. We will also continue to expand the collection services to restaurants and food premises so as to help enhance the effectiveness of our recycling efforts². In addition, the Environment and Conservation Fund will continue to support programmes that access different sectors of the community and the trades on collection and treatment of waste glass beverage containers.

Landfill Ban

9. For the avoidance of misunderstanding, the Bill does not feature a statutory landfill ban³ on container waste. As we explained to the Panel on Environmental Affairs in 2013 (cf. CB(1)314/13-14(05)) that in Hong Kong, the way that waste is currently collected for disposal may pose operational challenges to the effective implementation of a landfill ban for glass beverage containers. We need to duly consult the refuse collection trades on important issues like what will be the “penalty” in case of contravention and who is to be liable. We do not consider that it is opportune now to pursue a statutory landfill ban on container waste.

² Recently in October 2015, we further launched the “Clink, Drink then Recycle” glass container recycling programme which is being staged at 14 major shopping malls and commercial buildings to encourage restaurants and food premises located there to join glass container recycling.

³ In practice, a landfill ban if implemented will involve restrictions on the disposal of certain products at designated waste disposal facilities such as landfills and refuse transfer stations.

We may revisit this issue as and when we consider expanding the mandatory PRS to cover other glass containers.

Sustainable Outlets of Recycled Glass Materials

10. We note that some deputations remained concerned that there would be no sufficient outlets of recycled glass materials such that the glass containers collected under the mandatory PRS could only end up in the landfills. Apart from the production of eco-pavers and other construction materials, waste glass containers with suitable crushing could be used as fill materials in reclamation and other earthworks. As highlighted in the LegCo Brief, an average of about 1.5 million tonnes of river sand were imported annually in the past three years. As compared with the estimated annual disposal of 100 000 tonnes of waste glass containers generated in Hong Kong, we consider there is sufficient capacity to absorb the recycled glass materials in various outlets in local public works projects including the use for fill materials after exhaustion of other re-use options such as recovery for use as beverage containers. We would also encourage the private sector to similarly adopt “green procurement” in their works projects which require eco-pavers and fills materials. Some recyclers have also indicated that there are credible markets outside Hong Kong for recycling of glass containers.

Environmental Protection Department
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Key Comments of Deputations and the Government's Response

Note: Our response below is arranged generally in alphabetical order of the deputations.

1. ***ALBA Integrated Waste Solutions (Hong Kong) Limited*** was of the view that glass cullet is a good replacement of river sand and that the scheme is a good starting point for more advance solutions in future. Our response in paragraph 10 of the main text is relevant.
2. ***Business Environment Council*** was generally concerned about the effectiveness of the scheme in recovering waste glass containers for recycling. Our response in paragraph 5 of the main text is relevant.
3. ***Mr. Chan Kai-ming*** was generally concerned about the feasibility of the scheme in achieving the recovery target of 50 000 tonnes of wastes glass containers per year. Our response in paragraphs 7 to 8 of the main text is relevant.
4. ***The Chartered Institution of Water and Environmental Management Hong Kong*** was generally concerned about the effectiveness of the scheme in recovering waste glass containers for recycling. Our response in paragraph 5 of the main text is relevant.
5. ***Civic Party*** was of the view that there should be enhanced efforts to strengthen publicity and public education of “clean recycling”, enhance the collection network and broaden the outlets for recycled glass materials. Our response in paragraphs 2, 7 to 8 and 10 of the main text is relevant.
6. ***The Conservancy Association*** was generally concerned about the effectiveness of the scheme due to its limited scope and the potential “switching effect” as a result. Our response in paragraphs 2 to 3 of the main text is relevant.

7. ***Construction Industry Council*** was mainly of the view that glass cullet can be a replacement of river sand in construction works which may provide a sustainable outlet for waste glass containers in Hong Kong. Our response in paragraph 10 of the main text is relevant.
8. ***Consumer Council*** was generally concerned about the effectiveness of the scheme in recovering waste glass containers for recycling particularly from the food and beverage (“F&B”) establishments, the sufficiency of outlets for recycled glass materials and the community awareness on glass containers recycling. Our response in paragraphs 7 to 8 and 10 of the main text is relevant.
9. ***Designing Hong Kong*** was generally concerned about the potential switching of glass containers to other packaging materials (notably plastics) causing unintended impact to the environment. Our response in paragraph 3 of the main text is relevant.
10. ***Environmental Contractors Management Association*** was of the view that the Government should consider providing more incentive to boost recovery and enhance its efforts in diversifying the outlets for recycled glass materials. Our response in paragraphs 5 and 10 of the main text is relevant.
11. ***Federation of Hong Kong Industries*** was generally concerned about the readiness of the scheme given their queries on the proposed regulatory framework and the progress of the preparatory work. In particular, they expressed concerns about the potential impact on stakeholders arising from the recycling levy and cross-subsidizations due to phased implementation, exemptions and free-riders. Our response in paragraphs 2, 3 and 8 of the main text is relevant. We also wish to add that –
 - ♦ there would be vigilant vetting before an application for exemption would be approved so as to ensure that there would be sound recovery and recycling arrangements as detailed in the container waste reduction plan to promote the reuse of glass containers. Performance of such recovery and recycling arrangements would be monitored through annual audits.
 - ♦ the scheme applies to the distribution of regulated articles in Hong Kong whether or not such articles are acquired through

Internet purchase and there would be appropriate enforcement to deter any free-riding behaviours.

12. ***Greeners Action*** was mainly of the view that there should be exemption to encourage reuse of glass container and landfill ban to promote source separation. They also considered that assistance should be given to the trades in establishing a deposit-refund system and in recycling of glass containers. Our response in paragraphs 5 and 7 to 9 of the main text is relevant.
13. ***Green Sense*** was generally concerned about the effectiveness of the scheme in recovering waste glass containers. Our response in paragraphs 7 to 8 of the main text is relevant.
14. ***The Hong Kong Association of Property Management Companies*** was generally concerned about the effectiveness of the scheme in recovering waste glass containers for recycling and the sufficiency of outlets for recycled glass materials. They also commented on potential loopholes in the levy collection system. Our response in paragraphs 5, 7 to 8 and 10 of the main text is relevant. We also wish to add that the scheme applies to the distribution of regulated articles in Hong Kong whether or not the transactions are conducted in the name of a business or an individual and there would be appropriate enforcement to deter any free-riding behaviours.
15. ***The Hong Kong Beverage Association*** is generally concerned about the effectiveness of the scheme in recovering waste glass containers for recycling, the potential impact on stakeholders arising from the recycling levy and the sufficiency of outlets for recycled glass materials. They also commented on the threshold for approving the levy exemption. Our response in paragraphs 5 to 8 and 10 of the main text is relevant.
16. ***Hong Kong Catering Industry Association*** was generally concerned about the potential impact on stakeholders arising from the recycling levy and the effectiveness of the scheme in recovering waste glass containers for recycling. Our response in paragraphs 4 to 8 of the main text is relevant.
17. ***Hong Kong Dumper Truck Drivers Association*** was generally concerned about the effectiveness of the scheme in recovering waste glass containers for recycling particularly from F&B

establishments. Our response in paragraphs 5 and 8 of the main text is relevant.

18. ***Hong Kong Environmental Industry Association*** was concerned about the effectiveness of scheme in recovering waste glass containers. Our response in paragraph 5 of the main text is relevant.
19. ***The Hong Kong Food, Drink & Grocery Association*** was generally concerned about the potential impact on stakeholders arising from the recycling levy and cross-subsidizations due to phased implementation. They also expressed concerns about the sufficiency in the outlets for recycled glass materials and the effectiveness of the scheme in recovering waste glass containers. Our response in paragraphs 2 to 6 and 10 of the main text is relevant.
20. ***The Hong Kong Institution of Engineers*** was generally concerned about the effectiveness of the scheme in recovering waste glass containers for recycling. Our response in paragraph 5 of the main text is relevant.
21. ***Hong Kong Waste Management Association*** was of the view that there should be enhanced efforts to promote green procurement, strengthen publicity and public education to promote glass container recycling. Our response in paragraphs 4, 8 and 10 of the main text is relevant.
22. ***K Wah Construction Materials*** was generally concerned about the effectiveness of the scheme in recovering clean waste glass containers and hence the impact on the recycling work. Our response in paragraphs 7 to 8 of the main text is relevant.
23. ***Liberal Party*** was generally concerned about the effectiveness of the proposed recycling levy in reducing the use of glass beverage containers. They considered that that assistance should be given to the recycling industry for the recycling of waste glass containers. Our response in paragraphs 5 and 7 to 8 of the main text is relevant. We also wish to add that the key objective of the scheme is not to discourage the use of glass beverage containers as in the case of the Environmental Levy Scheme on Plastic Shopping Bags which seeks to reduce the excessive use of plastic shopping bags.

24. ***Wine Association of Hong Kong*** was generally concerned about the potential impact on stakeholders arising from the recycling levy and cross-subsidizations due to phased implementation. Our response in paragraph 3 of the main text is relevant.
25. ***World Green Organisation*** was mainly of the view that there should be enhanced efforts to strengthen publicity and public education of “clean recycling” and encourage reuse of glass containers before recycling. Our response in paragraphs 5 and 8 of the main text is relevant.