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Panel on Environmental Affairs

Meeting on 19 July 2018

**Updated background brief on
Producer Responsibility Scheme on glass beverage containers
prepared by the Legislative Council Secretariat**

Purpose

This paper provides updated background information on the Producer Responsibility Scheme ("PRS") on glass beverage containers.¹ It also summarizes the major views and concerns expressed by Members on the subject.

Background

2. To reduce disposal of waste glass containers at landfills, the Administration aims to introduce a mandatory PRS that first targets glass beverage containers (including glass beverage bottles, jars or containers in other form) for the promotion of proper recycling and disposal of such containers. The outcome of the "Public Consultation on a New Producer Responsibility Scheme on Glass Beverage Bottles" ("the Public Consultation") conducted in February 2013 showed that the community was supportive of this policy direction.

¹ PRS is a key policy tool in the waste management strategy in Hong Kong. Enshrining the principle of "polluter pays" and the element of "eco-responsibility", the PRS concept requires manufacturers, importers, wholesalers, retailers and consumers to share the responsibility for the collection, recycling, treatment and disposal of end-of-life products with a view to avoiding and reducing the environmental impacts caused by such products at the post-consumer stage.

Promotion of Recycling and Proper Disposal (Product Container) (Amendment) Ordinance 2016

3. The Promotion of Recycling and Proper Disposal (Product Container) (Amendment) Ordinance 2016 ("the Amendment Ordinance") was enacted in May 2016 to provide for a statutory regulatory framework for a mandatory PRS on product containers which initially covered glass beverage containers (i.e. the "regulated articles" which are products and containers specified respectively in columns 2 and 3 of Part 2 of Schedule 6 to the Product Eco-responsibility Ordinance (Cap. 603)).

4. Under the PRS on glass beverage containers, a recycling levy will be payable for regulated articles that are distributed or consumed in Hong Kong ("recycling levy"). Manufacturers and importers engaged in the business of distributing regulated articles in Hong Kong will have to be registered as "registered suppliers" and pay the recycling levy. The government-appointed glass management contractors ("GMCs") will each serve certain catchment regions for the collection of waste glass containers.² Besides, the existing licensing control under section 16 of the Waste Disposal Ordinance (Cap. 354) ("WDO") will be extended to cover disposal (including storage, treatment, reprocessing and recycling) of regulated articles, whereas importers and exporters of waste glass containers in general will be subject to permit control under WDO.

5. The Amendment Ordinance will commence on a date to be appointed by notice in the Gazette when the operational details to be set out in subsidiary legislation are ready. The Administration aims to submit the relevant subsidiary legislation to the Legislative Council for scrutiny in the fourth quarter of 2018.

Major views and concerns expressed by Members

6. The Administration briefed the Panel on Environmental Affairs ("the Panel") on the PRS on glass beverage containers at the meeting on 27 April 2015. Related issues were raised at the meetings of the Bills Committee on Promotion of Recycling and Proper Disposal (Product Container) (Amendment) Bill 2015, and during examination of Estimates of Expenditure 2017-2018 and 2018-2019. The major views and concerns of Members are summarized in the ensuing paragraphs.

² The Government conducted open tender exercises in 2017 for hiring GMCs to provide waste glass container collection and treatment services for the catchment regions of Hong Kong Island (including Island District), Kowloon and the New Territories respectively. The contracts for Hong Kong Island and the New Territories regions were awarded in November 2017, whereas the contract for the Kowloon region was awarded in April 2018. Each contract awarded is for a five-year term.

Scope of regulation

7. Members asked whether the scope of the PRS on product containers would be extended to cover containers other than glass beverage containers. The Administration advised that subject to future review, in the light of the experience gained from the initial stage of PRS on glass beverage containers, the mandatory PRS on product containers might be expanded in future to cover other products including glass containers holding food or sauces, or containers made of materials other than glass. The Administration had also appointed a consultant to conduct a feasibility study on how to implement PRS targeting suitable plastic containers, mainly those carrying beverages or personal care products.

Recycling levy

8. Members were concerned about the potential impact of the recycling levy on the business sector or consumers and whether the levy could recover the full PRS costs. The Administration advised that it would prescribe the level of the recycling levy by subsidiary legislation after ascertaining the full PRS costs and consultation with the relevant trades. As an initial reference, overseas experience suggested an indicative recycling levy of around \$1 per one litre-container volume.

9. Noting that a registered supplier might apply for exemption from recycling levy by submitting a container waste reduction plan setting out the operational details of how their glass beverage containers would be recovered, reused and ultimately recycled, Members enquired about how the Administration would verify whether a registered supplier had complied with the relevant requirements stated in its container waste reduction plan.

10. The Administration explained that in considering an application for levy exemption, it would take into account whether the container waste reduction plan in question was practicable to ensure the recovery and reuse/recycling of the glass containers in an environmentally sound manner. The exemption would be subject to any terms and conditions relating to the duration and implementation of the container waste reduction plan; auditing, reporting and record-keeping; and any other matter the Director of Environmental Protection considered appropriate, with a view to ensuring effective execution of the plan.

Glass management contractors

11. On the terms and conditions for the appointment of GMCs, the Administration advised that each contractor had submitted a technical proposal and a price proposal in the tender documents, which detailed its plan on how it would perform the role as GMC if appointed as such, and its proposed price

schedules. A GMC would in general be paid with reference to the quantity of waste glass containers collected and treated. A minimum recovery amount of glass containers was prescribed in each GMC contract. While the GMCs mainly collected properly rinsed glass beverage containers, they would also accept other waste glass containers, including those for food and sauces, that had been properly rinsed. The GMCs were also required to operate a participation incentive scheme to encourage the public to return properly rinsed waste glass containers to the contractors for recycling.

12. Members were concerned as to how the Administration monitored the performance of GMCs and the implementation of the PRS on glass beverage containers.

13. The Administration advised that the effectiveness of the PRS on glass beverage containers would mainly be assessed on the basis of the amount of glass containers recovered. The relevant statistics could be compiled directly from the records that would be submitted by GMCs, and such information must be audited by certified auditors before submission. The Environmental Protection Department ("EPD") would also vet the relevant information for monitoring of contract performance and for taking necessary actions under the contract provisions. The Administration pointed out that GMCs would be required by contract to maintain a sufficient network of collection points such that waste producers could conveniently participate in the recycling chain.

Outlets of waste glass materials

14. Members asked about the Administration's plans to identify more outlets for recycled glass materials from Hong Kong. The Administration advised that glass containers collected locally would be, after treatment, mainly used for producing eco-pavers while some would be exported for recycling. Besides, the Civil Engineering and Development Department had drawn up technical guidelines on the use of recycled glass materials as fill materials. The Administration envisaged that waste glass materials collected locally could be fully absorbed through these outlets. The Administration also encouraged GMCs to proactively expand recycling outlets for recycled glass materials, such as using them as raw materials for producing eco-cement and decorative tiles, and exporting them for recycling into new glass products.

Glass container recovery facilities

15. Regarding the provision of glass container recovery facilities, the Administration advised that in general, glass bottle collection points under various voluntary glass bottle recycling programmes funded by EPD, the Environment and Conservation Fund or industries concerned, etc. were mainly set up in places such as residential estates or suitable government facilities

where their day-to-day management was taken care of by responsible personnel to ensure that no nuisance or danger would be caused to the public. There were also collection points set up in housing estates and other facilities/places including parks, sports centres, schools, hotels, shopping malls, pubs and other food premises.³

16. As regards village-type refuse collection points with glass bottle collection points, the Administration advised that they were mainly in the Islands District covering Lamma Island, Cheung Chau, Mui Wo, South Lantau, Tai O, Peng Chau, etc. Depending on the actual requirements, each of these collection points would be provided with one to three recycling bins to facilitate the residents on the outlying islands to participate in glass bottle recycling.

Council questions

17. At the Council meeting of 28 March 2018, Mr LAM Cheuk-ting and Mr Kenneth LAU raised questions respectively on the award of glass management contracts and the provision of glass container recovery facilities. At the Council meeting of 9 May 2018, Mr CHAN Hak-kan raised a question related to the use of recovered glass materials. The questions and the Administration's replies are hyperlinked in the **Appendix**.

Latest development

18. The Administration will update the Panel on the progress of the preparatory work for the implementation of the PRS on glass beverage containers.

Relevant papers

19. A list of relevant papers is set out in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
12 July 2018

³ As at December 2017, there were over 1 490 glass bottle collection points set up in housing estates across the territory, and over 650 collection points set up in other facilities and places.

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	27 April 2015	Administration's paper on "Producer Responsibility Scheme on Glass Beverage Bottles" (LC Paper No. CB(1)763/14-15(05)) Updated background brief on "Producer responsibility scheme on glass beverage bottles" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)763/14-15(06)) Minutes of meeting (LC Paper No. CB(1)979/14-15)
Bills Committee on the Promotion of Recycling and Proper Disposal (Product Container) (Amendment) Bill 2015	14 April 2016*	Legislative Council Brief (File Ref: EP CR 9/150/35 Pt.4) Legal Service Division report (LC Paper No. LS86/14-15) Report to the Council (LC Paper No. CB(1)791/15-16) The Bill
5 April 2017	Special meeting of the Finance Committee for examination of Estimates of Expenditure 2017-2018	Written questions raised by Members and Administration's replies (Reply serial numbers: ENB058, 086 and 216)
17 April 2018	Special meeting of the Finance Committee for examination of Estimates of Expenditure 2018-2019	Written questions raised by Members and Administration's replies (Reply serial numbers: ENB070, 104 and 163)

*Issue date of Report to the Council

Hyperlinks to relevant Council Questions:

Date	Council Question
28 March 2018	Press release on Council question (written) raised by Mr LAM Cheuk-ting
28 March 2018	Press release on Council question (written) raised by Mr Kenneth LAU
9 May 2018	Press release on Council question (oral) raised by Mr CHAN Hak-kan