File Reference.: EP CR 9/150/20

LEGISLATIVE COUNCIL BRIEF

Product Eco-responsibility Ordinance (Chapter 603)

Product Eco-responsibility (Plastic Shopping Bags) Regulation (Chapter 603 sub. leg. A)

PRODUCT ECO-RESPONSIBILITY ORDINANCE (AMENDMENT OF SCHEDULE 2) ORDER 2022

PRODUCT ECO-RESPONSIBILITY ORDINANCE (AMENDMENT OF SCHEDULE 3) ORDER 2022

PRODUCT ECO-RESPONSIBILITY (PLASTIC SHOPPING BAGS) (AMENDMENT) REGULATION 2022

INTRODUCTION

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To enhance the Plastic Shopping Bag ("PSB") Charging Scheme in place, the Secretary for the Environment ("SEN") has made the following amendment orders and regulation:

- (a) The Product Eco-responsibility Ordinance (Amendment of Schedule 2) Order 2022 ("Order to amend Schedule 2") at **Annex A**. Pursuant to section 21(1) of the Product Ecoresponsibility Ordinance (Cap. 603) ("PERO"), SEN may, after consultation with the Advisory Council on the Environment ("ACE"), amend Schedule 2 to PERO. The relevant amendment order is subject to the approval of the Legislative Council ("LegCo") under section 21(2) of PERO;
- (b) The Product Eco-responsibility Ordinance (Amendment of Schedule 3) Order 2022 ("Order to amend Schedule 3") at Annex B, which was made pursuant to section 21(1) of PERO after consultation with the ACE; and

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(c) The Product Eco-responsibility (Plastic Shopping Bags) (Amendment) Regulation 2022 ("Amendment Regulation") at <u>Annex C</u>. Pursuant to sections 29 (1) of PERO, SEN may, after consultation with the ACE, make regulation. The regulation is subject to the approval of the LegCo under section 29(2) of PERO.

JUSTIFICATIONS

- 2. The PSB Charging Scheme was first launched in 2009, covering some 3 000 registered retail outlets mostly being supermarkets, convenience stores and medicare and cosmetics stores. The Scheme was extended to cover the entire retail sector with over 100 000 retail points in 2015, requiring all retailers in Hong Kong to charge at least 50 cents, save for exemptions¹, for each PSB provided to customers². As estimated from the landfill disposal survey, the total number of PSBs disposed of in 2015 (i.e. within the first year of full implementation of the Scheme) was reduced by 25% comparing with the year before. However, rebounds of PSB disposal rate (PSB disposal data after full implementation detailed at **Annex D**) were observed in the following years, and these call for enhancement of the Scheme in order to maintain its effectiveness.
- 3. Upon the Government's invitation, the Council for Sustainable Development ("SDC") conducted a public engagement from September to December 2021 on control of single-use plastics. Public opinion on enhancement of the PSB Charging Scheme in place was collected in the public engagement. The SDC submitted a report to the Government in April this year, which recommended the Government to enhance the Scheme by:
 - increasing the present charging level of at least 50 cents per PSB, with the charging level of \$1 or \$2 being considered useful in driving behavioural change;
 - (b) removing the present exemptions for PSBs carrying frozen or chilled foodstuff items³ and foodstuff items fully wrapped by non-airtight packaging; and

as currently referred to in section 1(1)(d) of Schedule 2 to PERO.

¹ Exemptions are provided for PSBs used for food hygiene reasons, plastic bags used for packaging, and plastic bags provided with services.

Pursuant to section 18A of PERO, the charging arrangement applies if there is a sale by retail of goods.

For "foodstuff items", it means an item of food, drink or medicine for human or animal consumption,

- (c) limiting the number of PSBs to be distributed under exemption to one unless otherwise allowed.
- 4. The Government accepts the SDC's recommendations and has reviewed the actual operation of the Scheme. The following enhancement measures are proposed:
- (a) Increase the charging level to at least \$1 per PSB
- 5. The present charge of at least 50 cents per PSB has not been adjusted since the first phase of the PSB Charging Scheme implemented in 2009. It is apparent that the present charging level's disincentive effect has been diminishing as time goes by. Taking into account the SDC's recommendations and the practice of other places in recent years (say, Macao has been charging around \$1 per PSB, save for exemptions, since November 2019), we will increase the charging level from at least 50 cents to at least \$1 per PSB, as a start.
- 6. The minimum charge under the PSB Charging Scheme is stated in Schedule 3 to PERO. The legislative amendment proposal to increase the charging level is outlined in the Order to amend Schedule 3 (see <u>Annex</u> <u>B</u>).
- (b) Remove the present exemption for PSBs carrying frozen or chilled foodstuff items
- Currently, PSBs carrying frozen or chilled foodstuff items can be exempted from the PSB charge according to section 18(2) of PERO, and section 1(1)(d)(i) of Schedule 2 to PERO. The exemption was given in the extended phase of the PSB Charging Scheme to address concerns on temperature-controlled food. It was considered then that PSBs could safeguard food hygiene by keeping the temperature of frozen or chilled foodstuff items and preventing potential leakage or spillage, as temperature-controlled food may change its physical state owing to temperature change in the course of its conveyance, and the foodstuff item or part of it may therefore leak from its packaging. To keep the Scheme simple, and to avoid conflicts between customers and retailers during the initial stage of implementing the Scheme, an "across-the-board" approach was adopted at that time to provide blanket exemption for PSBs used for carrying all types of frozen or chilled foodstuff items irrespective of their packaging.

- 8. Over the years, it is observed that most frozen or chilled foodstuff items are in fact contained in airtight packaging that can effectively prevent the leakage of its content. Besides, PSBs in general cannot maintain the temperature of frozen or chilled foodstuff items. The SDC's public engagement also reflected that the public supports the removal of this exemption for the good cause of reducing the use of PSBs. As such, we **propose to remove the exemption for PSBs carrying frozen or chilled foodstuff items**, which will bring the PSB Charging Scheme in line with similar schemes in other places (e.g. Macao, Taiwan and England). We also expect that the proposal can significantly reduce the number of flattop plastic bags⁴ that are now mainly used for carrying frozen or chilled foodstuff items.
- (c) Tighten the present exemption for PSBs carrying foodstuff items in non-airtight packaging and limit the number of exempted PSBs to one per single transaction
- Under the current PSB Charging Scheme, PSBs carrying foodstuff items in non-airtight packaging can be exempted from PSB charge according to section 18(2) of PERO and section 1(1)(d)(ii) of Schedule 2 to PERO. The exemption was intended to address the need to use PSBs to prevent potential leakage or spillage. That said, in practice, for certain foodstuff items wholly contained in non-airtight packaging, say, fresh eggs in carton packs, blueberries contained in plastic boxes with air holes, and vegetables wholly wrapped by cling film wrapping and contained in a foam tray, potatoes in net packaging, mango wholly contained in foam net and raw meat wrapped with cling paper, the relevant packaging can already maintain food hygiene by (a) reasonably protecting the foodstuff items from exposing to the outside environment, and (b) minimising the risk of potential leakage or spillage, we therefore propose to, save for the special cases illustrated under paragraphs 10 and 12 below, remove the exemption for PSBs carrying foodstuff items in non-airtight packaging.
- 10. Firstly, to maintain food hygiene and considering the operational need, we propose exempting PSBs carrying foodstuff items that are not contained, or wholly contained⁵, in any packaging. Some examples include unpacked fruits, vegetables, fresh meat and seafood sold at the wet

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⁴ Under the present PSB Charging Scheme, flat-top plastic bag is also a PSB, hence subject to the at least 50 cents PSB charge, save for exemptions. As flat-top plastic bags are commonly used to carry exempted foodstuff items under the Scheme, say, frozen or chilled foodstuff items and foodstuff items without packaging, it is observed that most flat-top plastic bags are currently exempted from PSB charge.

⁵ The proposed definition of "wholly contained", in relation to foodstuff item, is that the foodstuff item is wholly wrapped or enclosed in, or covered by, any packaging, irrespective of whether there is any hole on the packaging or whether the opening of the packaging is sealed or folded.

market, or bread that is partially wrapped in paper. Yet, under the current PSB Charging Scheme, there is no limit on the number of free PSBs that can be given to carry such foodstuff items. In line with the overall objective of minimising the use of PSBs as far as possible, we **propose to limit the number of free PSBs to be provided under the said exemption to one per single transaction of such foodstuff items**. Two or more free PSB(s) may only be provided under the following scenarios:

- (a) if not providing any one of such PSB(s) would make carrying all the foodstuff items in other such PSB(s) impractical owing to:
 - i. other such PSB(s) is too small or lacks sufficient volume capacity;
 - ii. the need to spend an unreasonable amount of time to distribute all the foodstuff items into, and arrange them within, the other such PSB(s); or
 - iii. the risk that any of the other such PSB(s) break(s);

or

- (b) if not providing any one of such PSB(s) would prejudice the quality of the foodstuff items originally contained in such PSB(s) (for example, while fresh crab and fish can be contained in the same PSB, from merchandise quality angle, it is undesirable for them to be put together in the same PSB).
- 11. In other places, plastic bags carrying "properly packaged" foodstuff items in non-airtight packaging are normally not exempted. In Macao, free plastic bags are only allowed for "unpackaged food items", and the test is whether the packaging (if any) can "serve as proper packaging". In Taiwan, no free plastic bag is allowed for carrying packaged foodstuff item, for example, cooked food in plastic container or cling film wrapping. The same goes for England where free plastic bags can only be provided for carrying "unwrapped foodstuff items", like loose seeds and raw meat without packaging. The proposed enhancement above is similar to the practice of other places.

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⁶ Taiwan's "Restricted Use Policy on PSBs" covers 14 target businesses.

- 12. Another special case concerns food and beverage ("F&B") takeaway items. Currently, most F&B takeaway items are contained in non-airtight packaging. Unlike general foodstuff items that are wholly contained in non-airtight packaging, there is a practical need to provide PSBs to customers for carrying F&B takeaway items, in particular when more than one item (e.g. one lunchbox plus one drink) is purchased. It is also necessary to provide PSBs to a person delivering a large quantity of F&B takeaway items. We therefore **propose to continue exempting PSBs carrying F&B takeaway items** in **non-airtight packaging** (no matter whether the takeaway item is wholly contained in non-airtight packaging or not) from the PSB charge. Similar to the principle illustrated at paragraph 10 above, save for certain scenarios, the number of free PSB is limited to one per single transaction.
- 13. To qualify as an "F&B takeaway item", a foodstuff item must fulfill the following conditions:
 - (a) the item is ready for immediate consumption⁷;
 - (b) the item is prepared at the place where the item is sold;
 - (c) the item is intended (by the seller), at the time of its sale, to be consumed outside the place where the item is sold; and
 - (d) the item is not contained in airtight packaging.

"Ready for immediate consumption" means that the foodstuff item is in the status that can be consumed on-the-spot, for instance, cooked fish balls. "Prepared at the place where the item is sold" means that the foodstuff item is manufactured (e.g. hand-wrapped rice ball) or has undergone any form of cooking or other treatment or preparation (e.g. sandwiches prepared or reheated at a store) for sale at the place where the item is sold. "Intended to be consumed outside the place where the item is sold" means that the foodstuff item is intended to be consumed at any place outside the area of the place where the item is sold.

14. Exemptions under the PSB Charging Scheme are stated in Schedule 2 to PERO. The legislative proposal to tighten the scope of exemptions as elaborated in paragraphs 7 to 13 above is outlined in the Order to amend Schedule 2 (see **Annex A**).

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⁷ As "foodstuff item", under section 1(1)(d) of Schedule 2 to PERO, refers to an item of food, drink or medicine for human or animal consumption, "consumption" covers both drinking and eating.

- (d) Technical amendments to the prescribed forms for updating the new charging level and the postal address for paying the fixed penalty
- 15. The present charging level of at least 50 cents is stated under Forms 1 and 4 in the Schedule to Product Eco-responsibility (Plastic Shopping Bags) Regulation (Cap. 603 sub. leg. A) ("PER(PSB) Regulation"). As the charging level will be increased to at least \$1, Forms 1 and 4 would need to be updated by the Amendment Regulation accordingly.
- 16. Taking the opportunity, we also propose to make a technical amendment, via the Amendment Regulation, to change the postal address currently designated for postal remittance of payment of fixed penalty under the PSB Charging Scheme, i.e. P.O. Box No. 28000, Gloucester Road, Hong Kong, in view of the planned relocation of the relevant post office. The said postal address is currently stated under the payment instructions of Forms 1 and 2 in the Schedule to the PER(PSB) Regulation. Under the Forms to be amended, the postal address will be deleted and replaced by a hotline and a web address where a recipient of a fixed penalty ticket may check the latest postal address in service then.

(e) Commencement date

17. To facilitate a smooth transition, we will allow some time for the trade to get prepared for the implementation of the enhanced PSB Charging Scheme after the passage of the legislation. We aim to implement the enhanced Scheme on 31 December 2022.

LEGISLATIVE TIMETABLE

18. The legislative timetable is as follows –

Product Eco-responsibility Ordinance (Amendment of Schedule 2) Order 2022 and Product Eco-responsibility (Plastic Shopping Bags) (Amendment) Regulation 2022 *(positive vetting)*

The Government to give notice	8 June 2022
to move a motion	
SEN to move motion at the	29 June 2022
LegCo (subject to the House	
Committee's decision)	

Commencement	31 December 2022		

Product Eco-responsibility Ordinance (Amendment of Schedule 3) Order 2022 (negative vetting)

Publication in the Gazette	10 June 2022	
Tabling at the LegCo	15 June 2022	
Commencement	31 December 2022	

IMPLICATIONS OF THE PROPOSAL

19. The two Orders and the Amendment Regulation are in conformity with the Basic Law, including the provisions concerning human rights. They will not affect the current binding effects of PERO and its subsidiary legislation. The environmental, sustainability and economic implications of the proposals are at **Annex E.** The proposal has no financial, civil service, family, gender and productivity implications.

PUBLIC CONSULTATION

- 20. As elaborated at paragraph 3 above, public opinion on enhancement of the PSB Charging Scheme was collected in the SDC public engagement on control of single-use plastics.
- 21. On 25 April 2022, we briefed the LegCo Panel on Environmental Affairs on, amongst other matters, the enhancement proposal on the PSB Charging Scheme as well as the proposed implementation timeframe. Members were generally supportive of the enhancement measures and raised no objection to the proposed timeframe. The ACE was consulted on the same on 16 May 2022 and was supportive.

PUBLICITY

22. A programme of publicity and public education initiatives (including posters and a website) on the enhancement measures will be implemented in phases. Guidelines will be provided to the trade to help them get used to the new arrangement. A Government spokesperson will be available to answer media and public enquiries.

ENQUIRIES

23. For enquiries on this brief, please contact Ms Iris LEE, Assistant Director (Waste Management Policy) of the Environmental Protection Department, at 3509 8614 or email to iris_lee@epd.gov.hk.

Environment Bureau/Environmental Protection Department 8 June 2022

Section 1

Product Eco-responsibility Ordinance (Amendment of Schedule 2) Order 2022

(Made by the Secretary for the Environment under section 21 of the Product Eco-responsibility Ordinance (Cap. 603) after consultation with the Advisory Council on the Environment and subject to the approval of the Legislative Council)

1. Commencement

This Order comes into operation on 31 December 2022.

2. Product Eco-responsibility Ordinance amended

The Product Eco-responsibility Ordinance (Cap. 603) is amended as set out in section 3.

3. Schedule 2 amended (plastic shopping bags to which this Ordinance does not apply)

- (1) Schedule 2, section 1(1)— Repeal paragraph (d).
- (2) Schedule 2, before section 1(1)(e)—

Add

- "(da) a bag provided in a single transaction if the bag is the only bag so provided that only contains specified edible items;
- (db) 2 or more bags provided in a single transaction and only containing specified edible items, if not providing any one of such bags—
 - (i) would make carrying all those items in other such bags (*remaining bags*) impracticable owing to—
 - (A) the constraint on the size or volume of the remaining bags;

Annex A

Product Eco-responsibility Ordinance (Amendment of Schedule 2) Order 2022

Section 3

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- (B) the need to spend an unreasonable amount of time to distribute all those items into, and arrange them within, the remaining bags; or
- (C) the risk that any of the remaining bags breaks; or
- (ii) would prejudice the quality of any of those items;".
- (3) Schedule 2, after section 1(3)—

Add

"(4) In this section—

preparation (製備) includes manufacture and any form of cooking or other treatment or preparation for sale;

single transaction (單一交易) means a sale for which—

- (a) one single invoice or receipt is issued; or
- (b) (if no invoice or receipt is issued) one single payment is made;

specified edible item (指明可食用物品) means—

- (a) an item of food, drink or medicine for human or animal consumption that is—
 - (i) not contained in any packaging; or
 - (ii) not wholly contained in any packaging; or
- (b) an item of food, drink or medicine for human or animal consumption sold at a place and—
 - (i) that is ready for immediate consumption;
 - (ii) the preparation of which is carried out at the place;
 - (iii) that is intended, at the time of the sale of the item, by the seller for consumption outside the place; and

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(iv) that is not contained in airtight packaging;

wholly contained (完全載於), in relation to a specified edible item, means that the item is wholly wrapped or enclosed in, or covered by, any packaging, irrespective of whether there is any hole on the packaging or whether the opening of the packaging is sealed or folded.".



Secretary for the Environment

7 June 2022

Product Eco-responsibility Ordinance (Amendment of Schedule 2) Order 2022 Explanatory Note

Paragraph 1

Explanatory Note

Section 18A of the Product Eco-responsibility Ordinance (Cap. 603) (*Ordinance*) provides that a retail seller of goods must charge a customer a prescribed amount for plastic shopping bags provided in certain circumstances. Schedule 2 to the Ordinance prescribes the kinds of plastic shopping bags to which the Ordinance does not apply.

- 2. This Order amends Schedule 2 to the Ordinance so as to tighten the scope of exemptions for plastic shopping bags provided by a seller.
- 3. The Order comes into operation on 31 December 2022.

Product Eco-responsibility Ordinance (Amendment of Schedule 3) Order 2022

Section 1

Product Eco-responsibility Ordinance (Amendment of Schedule 3) Order 2022

(Made by the Secretary for the Environment under section 21(1) of the Product Eco-responsibility Ordinance (Cap. 603) after consultation with the Advisory Council on the Environment)

1. Commencement

This Order comes into operation on 31 December 2022.

2. Product Eco-responsibility Ordinance amended

The Product Eco-responsibility Ordinance (Cap. 603) is amended as set out in section 3.

3. Schedule 3 amended (amount prescribed for section 18A(2))

Schedule 3—

Repeal

"50 cents"

Substitute

"\$1".



Secretary for the Environment



Annex B

Product Eco-responsibility Ordinance (Amendment of Schedule 3) Order 2022
Explanatory Note
Paragraph 1 2

Explanatory Note

Schedule 3 to the Product Eco-responsibility Ordinance (Cap. 603) prescribes the minimum amount for a retail seller of goods to charge a customer for each plastic shopping bag (or each pre-packaged pack of 10 or more plastic shopping bags) under section 18A of the Ordinance. This Order is to increase the minimum amount from 50 cents to 1 dollar.

2. The Order comes into operation on 31 December 2022.

Section 1

Product Eco-responsibility (Plastic Shopping Bags) (Amendment) Regulation 2022

(Made by the Secretary for the Environment under section 29 of the Product Eco-responsibility Ordinance (Cap. 603) after consultation with the Advisory Council on the Environment and subject to the approval of the Legislative Council)

1. Commencement

This Regulation comes into operation on 31 December 2022.

2. Product Eco-responsibility (Plastic Shopping Bags) Regulation amended

The Product Eco-responsibility (Plastic Shopping Bags) Regulation (Cap. 603 sub. leg. A) is amended as set out in section 3.

3. Schedule amended (forms)

(1) The Schedule, Form 1, Chinese version—

Repeal

"5角"

Substitute

"\$1".

(2) The Schedule, Form 1, English version—

Repeal

"50 cents"

Substitute

"\$1".

(3) The Schedule, Form 1, payment instructions, paragraph 1(e), Chinese version—

Annex C

Product Eco-responsibility (Plastic Shopping Bags) (Amendment) Regulation 2022

Section 3

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Repeal

"香港告士打道郵政局信箱 28000 號庫務署收"

Substitute

"庫務署指定的郵政局信箱".

(4) The Schedule, Form 1, payment instructions, paragraph 1(e), Chinese version, after "繳款的日期。"—

Add

"如欲查詢庫務署指定的郵政局信箱資料,請致電庫務署 熱 線 : 2845 8866 或 瀏 覽 庫 務 署 網 站 http://www.try.gov.hk。".

(5) The Schedule, Form 1, payment instructions, paragraph 1(e), English version—

Repeal

"Treasury, P.O. Box Number 28000, Gloucester Road Post Office, Hong Kong"

Substitute

"post office letter box designated by the Treasury".

(6) The Schedule, Form 1, payment instructions, paragraph 1(e), English version, after "the date of payment."—

Add

"For information on the post office letter box designated by the Treasury, please call the Treasury's Hotline: 2845 8866 or visit the Treasury's website http://www.try.gov.hk.".

(7) The Schedule, Form 2, payment instructions, paragraph 1(e), Chinese version—

Repeal

"香港告士打道郵政局信箱 28000 號庫務署收"

Substitute

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"庫務署指定的郵政局信箱".

(8) The Schedule, Form 2, payment instructions, paragraph 1(e), Chinese version, after "繳款的日期。"—

Add

"如欲查詢庫務署指定的郵政局信箱資料,請致電庫務署 熱 線: 2845 8866 或 瀏 覽 庫 務 署 網 站 http://www.try.gov.hk。".

(9) The Schedule, Form 2, payment instructions, paragraph 1(e), English version—

Repeal

"Treasury, P.O. Box Number 28000, Gloucester Road Post Office, Hong Kong"

Substitute

"post office letter box designated by the Treasury".

(10) The Schedule, Form 2, payment instructions, paragraph 1(e), English version, after "the date of payment."—

Add

"For information on the post office letter box designated by the Treasury, please call the Treasury's Hotline: 2845 8866 or visit the Treasury's website http://www.try.gov.hk.".

(11) The Schedule, Form 4, paragraph (a), Chinese version—

Repeal

"5角"

Substitute

"\$1".

(12) The Schedule, Form 4, paragraph (a), English version—

Repeal

"50 cents"

Product Eco-responsibility (Plastic Shopping Bags) (Amendment) Regulation 2022

Section 3

1

Substitute

"\$1".



Secretary for the Environment

7 June 2022

Paragraph 1

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Explanatory Note

This Regulation amends the Schedule to the Product Ecoresponsibility (Plastic Shopping Bags) Regulation (Cap. 603 sub. leg. A) to update—

- (a) the payment instructions as set out in Forms 1 and 2 in that Schedule; and
- (b) the reference in Forms 1 and 4 in that Schedule to the minimum amount prescribed under section 18A of the Product Eco-responsibility Ordinance (Cap. 603).
- 2. This Regulation comes into operation on 31 December 2022.

Plastic Shopping Bag (PSB) Disposal Situation¹ after Full Implementation of the PSB Charging Scheme in 2015

In 2014 (Pre-Full Implementation of the current PSB charging scheme), it was estimated that about 5.24 billion PSBs were disposed of at landfills. Key data of past PSB disposal surveys conducted in 2015-2020 are summarised below:

Year	Total disposal			Per capita disposal			
	Number	Year-on-	Comparison	Per	Year-on-	Comparison	
	of PSB	year	with Pre-Full	capita	year	with Pre-Full	
	disposed	comparison	Implementation	disposal	comparison	Implementation	
	of		Level	per		Level	
	(billion)		(i.e. 2014)	month		(i.e. 2014)	
2014	5.24	-	-	60	-	-	
Full implementation of PSB charging covering entire retail sector							
2015	3.93	- 25%	- 25%	45	- 25%	- 25%	
2016	4.30	+ 9%	- 18%	49	+ 9%	- 18%	
2017	4.42	+ 3%	- 16%	50	+ 2%	- 17%	
2018	4.51	+ 2%	- 14%	50	Unchanged	- 17%	
2019	4.07	-10%	-22%	45	-10%	-25%	
2020	4.18	+2.5%	-20%	47	+4%	-22%	

¹ Disposal data of flat-top bag not included.

Implications of the Proposal

Environmental Implications

The present Plastic Shopping Bag ("PSB") Charging Scheme has been implemented for over ten years. The Scheme is an effective mean to discourage the indiscriminate use of PSBs, hence reducing the disposal of PSBs at landfills. The proposed enhancement measures are meant to further reduce the use of PSBs and, drive behavioural change and reduce the pressure on our landfills in the long run.

Sustainability Implications

2. The PSB Charging Scheme provides economic incentive to reduce the indiscriminate use of PSBs. It is in line with the "polluter pays" principle. At its current phase, it has encouraged more sustainable use of natural resources, reduced plastic waste, and enhanced the community's awareness on environmental protection. The proposed enhancement aims to achieve further benefits along the same direction.

Economic Implications

- 3. The PSB Charging Scheme is proven to be an effective mean to discourage the indiscriminate use of PSBs that generates negative environmental externalities. The proposals are meant to further reduce the use of PSBs, which could help reduce the pressure on our landfills in the long run.
- 4. We expect the proposal may bring inconvenience and additional administration cost to the retail and catering sectors, as the proposal would change the current mode of operation of these sectors. Also, under the proposal, a considerable range of retailers that are currently exempted under the present Scheme would be affected, for example, local wet markets, bakeries and grocery stores. That said, we are aware that many catering businesses nowadays are already charging their customers additional money for takeaway foodstuff items, hence, the inconvenience mentioned above may be mitigated.

5. Similar to the impact brought by previous phases of the Scheme, we expect PSB manufacturers may be affected as a result of the reduced use of PSBs. However, in reality, in view of the growing awareness on environmental protection over the past years, they have already been facing strong market forces to phase out less environmentally friendly products.

Financial and Civil Service Implications

- 6. It is not our policy intent to raise government revenue through the proposal. In line with the present Scheme, the PSB charge collected will be kept by the retail outlets. There is therefore no financial implication on government revenue.
- 7. No additional resources would be required by the Environmental Protection Department in carrying out the enhancement measures.

Other implications

8. The proposal has no family, gender and productivity implications, and is in conformity with Basic Law, including the provisions concerning human rights.