

LCQ20: Producer Responsibility Scheme on Glass Beverage Containers

Following is a question by the Hon Carman Kan and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (June 26):

Question:

Regarding the Producer Responsibility Scheme on Glass Beverage Containers (GPRS), will the Government inform this Council:

(1) of the following monthly information about GPRS since its full implementation on May 1 last year (set out in a table):

(i) the respective numbers of applications for registration as suppliers received and approved;

(ii) the respective numbers of applications for waste disposal licence for glass container received and granted;

(iii) the total amount of container recycling levy (the levy) collected;

(iv) the operating expenditure; and

(v) the number of cases received involving the distribution of glass-bottled beverages in Hong Kong by non-registered suppliers;

(2) given that the two government-appointed glass management contractors (GMCs) have been providing waste glass container collection services since 2018, of the following information about the services (set out in a table):

(i) the current number of glass bottle collection points across the territory (broken down by District Council district);

(ii) the quantity of waste glass containers collected and the recovery rate in each of the past seven years, as well as their respective year-on-year rates of change;

(iii) the quantity of waste glass containers turned into recycled glass materials and the year-on-year rate of change in each of the past seven years; and

(iv) the current applications of recycled glass materials and their respective percentages;

(3) given that registered suppliers with their own reuse arrangements may apply to the Environmental Protection Department for exemption from the levy, of the current number of registered suppliers granted with exemption from the

levy, as well as the recovery rate (the share of recovered quantity in distributed quantity) of each of such registered suppliers;

(4) given that while a government-led approach has been adopted for GPRS, the authorities indicated in February this year the proposed establishment of a common legislative framework applicable to different products for various Producer Responsibility Schemes under a market-led approach, whether the authorities will review GPRS with a view to aligning its adopted approach with the proposed common legislative framework; of the progress of legislative work for the establishment of the common legislative framework, and whether an implementation timetable has been drawn up;

(5) given that in reply to a question raised by a Member of this Council on October 27, 2021, the Government indicated that the two GMCs were expected to gradually increase the quantity of waste glass containers recovered to 50 000 tonnes a year, and in reply to a question raised by a Member of this Council on the Estimates of Expenditure 2024-2025, the Secretary for Environment and Ecology indicated that the total quantity of waste glass containers recovered by the two GMCs fell short of the authorities' target in each year from 2019 to 2022, what measures the authorities have in place to boost the quantity of waste glass containers recovered;

(6) given that registered suppliers must fulfil their statutory obligations, including submission of returns, keeping records relating to the returns, payment of the levy and submission of annual audit reports, how such statutory obligations are being fulfilled by registered suppliers; how the authorities monitor their implementation, and whether relevant information will be published to enhance the transparency of GPRS; if so, of the details; if not, the reasons for that;

(7) as there are views that the establishment of glass bottle collection points at retail outlets and in common areas of properties can help boost the recovery rate of waste glass containers, whether the authorities will require registered suppliers to set up a recycling network with retail outlets and common areas of properties as the backbone to facilitate the return of waste glass containers by members of the public to registered suppliers; if so, of the details; if not, the reasons for that; and

(8) given that the first term of the glass management contracts ended in the fourth quarter of last year, whether the authorities have reviewed if the two GMCs have met the operational requirements under their contract; if it has reviewed and the outcome is in the negative, whether penalties have been imposed on the GMC with subpar performance by the authorities, and whether the GMC concerned is eligible to bid for the contract afresh; whether the authorities will consider examining the reward and penalty mechanism under the contract, such that GMCs will do a good job in waste glass container recovery?

Reply:

President,

The Producer Responsibility Scheme on Glass Beverage Containers (GPRS) has been fully implemented since May 1, 2023. Under the GPRS, suppliers of glass-bottled beverages (including manufactures and importers) must first register with the Environmental Protection Department (EPD) as registered suppliers before distributing any regulated glass-bottled beverages in Hong Kong. Registered suppliers are required to fulfil the statutory responsibilities, including submitting returns, paying recycling levies according to the volume of glass-bottled beverages distributed and submitting audit reports. If registered suppliers arrange for recovery and reuse of their own beverage glass bottles, they can apply to the EPD for an exemption of recycling levy. In addition, under the Waste Disposal Ordinance (Cap. 354), starting from May 1, 2023, other than exempted scenarios, any person who stores, treats, reprocesses or recycles glass container waste must obtain a waste disposal licence.

The reply to the question raised by the Hon Carmen Kan is as follows:

(1) The various statistics about the GPRS since its implementation are set out below:

(i) The number of applications received and approved for registration as suppliers

| Year | Month | Number of applications received | Number of applications approved |
|-------|--------------|---------------------------------|---------------------------------|
| 2023 | Feb (Note 1) | 181 | 0 |
| | Mar | 369 | 300 |
| | Apr | 333 | 571 |
| | May | 123 | 127 |
| | Jun | 46 | 44 |
| | Jul | 33 | 38 |
| | Aug | 26 | 29 |
| | Sep | 20 | 22 |
| | Oct | 23 | 18 |
| | Nov | 27 | 31 |
| | Dec | 21 | 16 |
| 2024 | Jan | 16 | 18 |
| | Feb | 6 | 9 |
| | Mar | 8 | 9 |
| | Apr | 10 | 6 |
| | May | 12 | 13 |
| Total | | 1 254 | 1 251 |

Note 1: The GPRS started to accept applications for supplier registration from February 1, 2023.

Among the 1 251 approved registered suppliers, 38 applied for

cancellation of registration during the above-mentioned period. Therefore, the total number of registered suppliers as at May 2024 was 1 213.

(ii) To help the recycling trade to get prepared before the commencement of the GPRS, we started accepting applications for Glass Container Waste Disposal Licence (GCWDL) from February 1, 2023. So far, a total of five applications have been received and approved. As one of the facilities surrendered the GCWDL to the EPD in February 2024, there are currently a total of four facilities holding GCWDL.

(iii) Registered suppliers are required to submit returns on the volume of glass-bottled beverages distributed quarterly and pay the container recycling levy, at a rate of \$0.98 per litre-volume, to the EPD. Since the implementation of the GPRS in May 2023 up to December 2023, the EPD had collected around \$54 million of container recycling levy. The amount of container recycling levy collected quarterly is tabulated below:

| Year | Quarter (Note 2) | Container Recycling Levy Collected (\$ million) |
|-------|-----------------------------|---|
| 2023 | Second quarter (May to Jun) | 12.6 |
| | Third quarter | 19.7 |
| | Fourth quarter | 21.7 |
| Total | | 54.0 |

Note 2: Container recycling levy is collected quarterly from registered suppliers.

(iv) The operational expenditure of the GPRS involves various items, and a monthly breakdown is not available. The overall operational expenditure of the GPRS in financial year 2023-24 was around \$56.8 million.

(v) As at end of May 2024, the EPD, through intelligence and conducting proactive inspections, had identified a total of 120 cases of suppliers suspected of distributing glass-bottled beverages without registration. Subsequently, they have all registered with the EPD in accordance with the legal requirements, and submitted returns and paid the required recycling levies based on the volume of glass-bottled beverages they have distributed. The number of such cases received per month is tabulated below:

| Year | Month | Number of cases |
|------|-------|-----------------|
|------|-------|-----------------|

| | | |
|-------|-----|-----|
| 2023 | May | 43 |
| | Jun | 8 |
| | Jul | 4 |
| | Aug | 19 |
| | Sep | 5 |
| | Oct | 12 |
| | Nov | 7 |
| | Dec | 11 |
| 2024 | Jan | 2 |
| | Feb | 0 |
| | Mar | 4 |
| | Apr | 4 |
| | May | 1 |
| Total | | 120 |

For the above cases, the EPD has issued verbal advice or warning letters to the unregistered suppliers involved, and no prosecution has been initiated.

(2) To underpin the implementation of the GPRS, the EPD has been progressively providing collection and treatment services of waste glass containers since early 2018. The collection and treatment services for Hong Kong Island (including Islands District) and the New Territories commenced in early 2018, while those for Kowloon commenced in July 2018. The three contracts of the first phase were completed in the fourth quarter of 2023, and the contractors of the second phase also commenced recycling services of waste glass containers starting from the same period. The relevant statistics are as follows:

(i) The number of glass container collection points by District Council district:

| District | Number of Glass Container Collection Points | District | Number of Glass Container Collection Points |
|-------------------|---|------------|---|
| Central & Western | 492 | Kwai Tsing | 175 |
| Eastern | 283 | North | 189 |
| Southern | 286 | Sai Kung | 245 |
| Wan Chai | 386 | Sha Tin | 300 |
| Kowloon City | 263 | Tai Po | 232 |
| Kwun Tong | 232 | Tsuen Wan | 139 |
| Sham Shui Po | 256 | Tuen Mun | 212 |
| Wong Tai Sin | 152 | Yuen Long | 302 |

| | | | |
|---|-----|---------|-----|
| Yau Tsim Mong | 412 | Islands | 154 |
| Total number of glass container collection points | | 4 710 | |

(ii) The quantities of waste glass containers collected under the glass management contracts in the past seven years and the year-on-year comparisons are as follows:

| Year | Quantity of Waste Glass Containers Collected (tonnes) | Year-on-year Comparison |
|------|---|-------------------------|
| 2017 | Glass management contracts not yet in operation | N/A |
| 2018 | 9 570 | N/A |
| 2019 | 21 210 | +122% |
| 2020 | 14 270 (Note 3) | -33% |
| 2021 | 20 280 (Note 3) | +42% |
| 2022 | 19 530 (Note 3) | -4% |
| 2023 | 22 670 | +16% |

Note 3: The quantities of waste glass containers collected between 2020 and 2022 were reduced due to the impact of the COVID-19 epidemic.

The overall recycling rates of waste glass containers across the territory in the past seven years and the year-on-year comparisons are as follows:

| Year | Recycling Rate of Waste Glass Containers | Year-on-year Comparison |
|------|---|-------------------------|
| 2017 | Glass management contracts not yet in operation | N/A |
| 2018 | 16.3% | N/A |
| 2019 | 22.3% | +6.0% |
| 2020 | 20.5% | -1.8% |
| 2021 | 23.9% | +3.4% |
| 2022 | 23.4% | -0.5% |
| 2023 | Being compiled | |

(iii) The quantities of recycled glass materials converted from waste glass containers and delivered by the glass management contractors in the past seven years and the year-on-year comparisons are as follows:

| Year | Quantity of recovered glass materials (tonnes) | Year-on-year Comparison |
|------|---|-------------------------|
| 2017 | Glass management contracts not yet in operation | N/A |

| | | |
|------|--------|-------|
| 2018 | 4 890 | N/A |
| 2019 | 22 720 | +365% |
| 2020 | 13 420 | -41% |
| 2021 | 17 270 | +29% |
| 2022 | 19 230 | +11% |
| 2023 | 20 280 | +5% |

(iv) As at March 2024, the glass management contractors had delivered around 103 200 tonnes of recycled glass materials for the following applications:

| Application | Share of total quantity of recovered glass materials |
|--|--|
| Production of eco-pavers | 44% |
| Production of cement | 10% |
| Export for recycling | 8% |
| As fill materials for different works projects | 38% |

(3) Currently, there are two registered suppliers under the GPRS which have established their own recovery and reuse arrangements for their glass beverage containers, and have been exempted from paying the container recycling levy with the submission of Container Waste Reduction Plan. The waste reduction rates of these two registered suppliers in 2023 are 80 per cent and 95 per cent respectively, both meeting the reduction rate requirement of no less than 80 per cent.

(4) We are planning to implement Producer Responsibility Schemes (PRSs) for different products based on a "market-led" approach. We are now drafting the legislative proposal of establishing a common legislative framework for PRSs, and will introduce a relevant amendment bill to the Legislative Council in due course. After the passage of the amendment bill, we will formulate the relevant subsidiary legislation for various products, including plastic beverage containers, beverage cartons, electric vehicle batteries, vehicle tyres and lead-acid batteries, and progressively implement the PRSs on these products. We have been communicating with the relevant sectors and stakeholders in order to refine the legislative proposals and operational details of the PRSs.

The GPRS has been implemented for around a year, and PRS based on the "market-led" approach has not been implemented. We will review the existing operation mode of the PRS when sufficient data and observations of the implementation of "market-led" PRSs are available.

(5) and (8) The first phase of the glass management contracts commenced operation in 2018. However, the collection of waste glass containers was impacted by the social unrest and COVID-19 epidemic from 2019 to 2022. As a

result, the quantities of waste glass containers collected did not meet the planned target. The operational performance of the contractors during the first phase had been taken into account as one of the evaluation criteria in the technical assessment of the tenders for the second phase glass management contracts.

The EPD specified the annual targets on the quantities of waste glass materials to be recovered as well as other operational performance requirements in both the first and second phase of the glass management contracts, and reviewed the operational performance of the contractors annually in the contract period. If a contractor fails to meet the contract requirements, the Government may deduct the operation fees for that year in accordance with the relevant terms and conditions. If the contractor's unsatisfactory performance continues, the EPD may terminate the relevant contract early and may arrange for re-tendering in accordance with the relevant contract terms and conditions. Moreover, in the second phase of the contracts, bonus payment of the operation fees was introduced with a view to providing incentives for the contractors to increase the collection quantities of waste glass containers more proactively.

In order to increase the overall recycling rate of wastes (including waste glass containers), we have also been promoting waste reduction and recycling through various publicity activities. The Green\$ Electronic Participation Incentive Scheme launched by the EPD has provided incentives to encourage the general public to continue participating in and developing recycling habits. With more recycling facilities available in the community, we expect that the overall recycling rate of wastes (including waste glass containers) would gradually increase.

(6) Following the enactment of the legislation, the EPD has been monitoring the submission of returns, retention of records relevant to the returns, payment of container recycling levies, and submission of annual audit reports by the registered suppliers. The overall compliance of the trade has been satisfactory. The EPD will continue to remind and urge the trade through various means such as inspections, phone calls and email, to fulfil their statutory obligations, including submitting returns and audit reports, as well as paying container recycling levies on time. As at end of May 2024, there had been 12 cases failing to settle payments of container recycling levies or submit annual audit reports. Subject to the evidence and investigation results, the EPD will consider taking further enforcement actions.

Moreover, to enhance the transparency of the GPRS, the EPD has published a list of registered suppliers online for inspection by the public and the trades. If the public or the trades have any suspicion about individual suppliers, they can provide information to assist the EPD in conducting follow-up investigations.

(7) Glass-bottled beverages are generally consumed in premises such as restaurants, bars and domestic premises, whereas immediate consumption at retail outlets is less common. In view of this, the glass management contractors have specifically arranged with the persons-in-charge of catering

premises for setting up waste glass container collection points and providing collection services. In addition, the glass management contractors and the operators of the GREEN@COMMUNITY have set up collection points at public facilities in the community (e.g. Government venues, refuse collection points) and housing estates, etc, to enable members of the public to recycle waste glass containers generated in households. Currently, there are about 4 700 glass container collection points across the territory and the waste glass container collection arrangement has been generally effective and smooth.