

Hong Kong Retail Management Association

Submission on the Public Consultation on a Producer Responsibility Scheme on Plastic Beverage Containers

14 May 2021

The Hong Kong Retail Management Association (HKRMA) appreciates the Government's green initiatives to protect our environment. However, HKRMA would like to present our concerns on this new Producer Responsibility Scheme on Plastic Beverage Containers (PPRS).

I. A Convenient Collection Network

Shared Responsibilities in Supply Chain

1. HKRMA urges the Government to take the lead to coordinate a holistic single use beverage containers collection network that is efficient (i.e. low cost) and effective (i.e. high recycling rate), with responsibility appropriately shared among different stakeholders in supply chain
2. Retail comes in many different forms from vending machines to small vendors, from independent shops to large networks of convenience stores and supermarkets, from street shops to stores in shopping malls, each offering consumers a wide choice of products and/or services. However, the retail sector is only one of the players in the sophisticated supply chain of single-use beverage products.
3. Retail stores' role in the collection process should be appropriately shared among larger and already available networks like residential and commercial buildings, schools, public venues, MTR, or the existing Government's community recycling network GREEN@COMMUNITY.

Convenience to Consumers

4. The collection points must be set up according to the consumers' consumption and returning behaviour. According to the survey of Hong Kong Public Opinion Research Institute (PORI) mentioned by Drink Without Waste, 56% of the consumers preferred return points nearby their dwelling, 18% chose the places along their commute; and only 11% chose the place they shop.
5. As such, collection points near the residential estates should be the most preferred type of location, followed by public transport facilities and public facilities.
6. In addition, as Hong Kong will soon launch the municipal solid waste charging, the Government should review the community's recycling habit in a more holistic manner, instead of singling out each material type for consultation, which might not be an effective way to facilitate recycling by the public.

II. Against Retailer Mandatory Take-back

Impractical for a Mandatory Approach

7. HKRMA does not support mandating relevant retailers with certain operation scale should offer take-back and rebate redemption services.
8. In fact, it is impractical to mandate retailers to offer take-back and rebate based on their stores sizes, as there should be other considerations as well, such as the trade volumes and store areas took up by the plastic bottle beverages, and there are restaurants selling plastic bottle beverages for takeaways as well.
9. For example, in our own study, inside a typical large shopping mall, there could be dozens of retailers and restaurants that sell plastic bottle beverages. In a busy foot traffic street of Mong Kok, Tsim Sha Tsui and Central District, multiple retailers that sell beverages can be found in a short 100-200m walk. The system can be highly ineffective and confusing for consumers if the Government requires all for them to arrange take-back and rebate redemption services based on the store size. With the high labour and transportation cost of Hong Kong, the operation cost of collecting plastic bottles within one street / mall along can increase by 10 folds because of oversaturation of recycling points, with the cost ultimately passed onto customers.

10. Instead of mandating certain stores to offer take-back and rebate services, HKRMA believes that it would be more effective for retailers to identify and allocate, on a voluntary basis, stores that can support single-use beverage packaging drop-off points for consumers, and with identified locations to be shared with the public and the organization in charge of collecting such packaging.
11. We could suggest all retailers that sell single used beverage to provide information to customer on nearby recycling location. This can be in the form of QR code, like the Leave Home Safe sticker that's being posted in restaurant and shop.

III. Practicality Concerns

12. HKRMA member retailers have launched various voluntarily initiatives to test the collection of some single-use beverage packaging containers in stores, and they have identified serious challenges with the concept of return-to-store as listed below:
 - a. Retail space: Hong Kong retail has one of the world's most expensive rental cost per square foot and is already challenged with very limited unused space, and limited access to common areas to store or dispose of waste.
 - b. Hygiene: The participation of retail points is also constrained by the risk of soiling and contamination of clean retail environment by the reverse logistics of used beverage containers. This is even more pertinent in the current COVID-19 environment.
 - c. Manpower: Retail stores only have limited frontline staff; it could be difficult for them to handle take-back and rebate and to maintain the hygiene standard, while without affecting the business.
13. HKRMA urges that there must be a balance between practicality and responsibility in retail store's role as one of the collection points.

IV. Proposed Rebate System

14. HKRMA supports the provision of **rebate** under the proposed PPRS as the provision of financial incentive would be an effective means to increase the recovery rate of plastic beverage containers. From the experience of our members, provision of a financial rebate for bottle return in a convenient location is sufficient to incentivize their recycling behavior. A **deposit scheme** that is being advocated by some NGO would create additional cost burden on SME retailers and the Government to continuously track and manage deposit money collected.
15. HKRMA also agrees that a rebate at 10 cents per container would be an appropriate level to start with based on members' experience. Beverages such as water is an essential goods for the daily life of Hong Kong people, we urge the government to keep the rebate at a low but effective level, so the livelihood of our people will not be affected whilst facilitating the development of circular economy.

V. Consumer Education and Transition Period

16. HKRMA believes that the success of the PPRS hinges very much on consumer education. We urge the Government to allow a sufficient transitional period for customer behavioural change as well as for retailers to smoothen out the operation challenges.

-End-