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Panel on Environmental Affairs

Meeting on 28 April 2014

**Updated background brief on "Mandatory producer responsibility scheme
for waste electrical and electronic equipment"
prepared by the Legislative Council Secretariat**

Purpose

This paper provides updated background information on the development of the mandatory producer responsibility scheme ("PRS") on waste electrical and electronic equipment ("WEEE"), and gives a brief account of the views and concerns expressed by Members on the subject.

Background

2. In December 2005, the Administration published the Policy Framework for the Management of Municipal Solid Waste (2005-2014) ("the Policy Framework") to set out the strategy and measures to reduce waste generation and promote waste recovery, reuse and recycling. In line with the "polluter pays" principle, the Administration proposed in the Policy Framework to introduce PRSs which required manufacturers, importers, wholesalers, retailers and consumers to be responsible for what they produced and consumed.

3. The Policy Framework recommended the introduction of PRS for the following six types of products, which have significant impacts on waste disposal and have been a stable source stream of materials to develop and sustain local recycling industry –

- (a) Vehicle tyres;
- (b) Plastic shopping bags;
- (c) Electrical and electronic equipment;
- (d) Packaging materials;

- (e) Beverage containers; and
- (f) Rechargeable batteries.

4. To provide a legislative framework for the implementation of PRS in Hong Kong, the Product Eco-responsibility Ordinance (Cap. 603) ("PERO") was enacted in July 2008. It is an enabling legislation to provide for the shared core elements of all PRS and the fundamental regulatory requirements in respect of individual types of products, with operational details to be set out in subsidiary legislation when the opportunity is ripe.

5. In May 2013, the Environment Bureau issued the "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022", which maps out a comprehensive strategy, targets, policies and action plans for waste management for the coming 10 years. The Administration has set an aggressive target to reduce the per capita disposal rate of municipal solid waste by 40% by 2022. To this end, concurrent actions including PRSs are being pursued.

Public consultation on a new PRS on WEEE in 2010

6. To enhance the management of WEEE, the Administration launched a three-month public consultation on 18 January 2010 to consult the public on WEEE Scheme and complementary legislative measures. The public consultation ended on 30 April 2010. The Administration advised that on the whole, there was majority support for most of the mainstream proposals though views were more diverse on individual proposals namely retailers' mandatory take-back services and the fee charging mechanism. Having regard to the findings of the public consultation, the Administration has taken forward the mandatory PRS on WEEE on the basis of the mainstream proposals in the Consultation Document.

Regulatory framework for the proposed PRS on WEEE

7. Under the new mandatory PRS which would be implemented through amendments to PERO and the Waste Disposal Ordinance (Cap. 354) –

- (a) retailers would be required to provide mandatory and free take-back service;
- (b) there would be permit controls for the import and export of used and waste electrical and electronic ("E&E") products (irrespective of whether they contain hazardous materials);
- (c) there would be licensing requirements for the storage and treatment of used and waste E&E products of a certain quantity and above; and

- (d) there would be a fee to be collected at retail level upon purchase of new E&E products.

Coverage of the proposed PRS on WEEE

8. According to the Administration, the vast majority (80%) of views received in the consultation supported the coverage of five types of E&E products, i.e. television sets, washing machines, refrigerators, air conditioners and computer products viz. desktops, laptops, printers, scanners and monitors which account for over 80% of WEEE locally generated in Hong Kong. The Administration intended to focus on products designed for the mass market only. As there is an active second-hand market for mobile phones, digital cameras and video game equipment, the Administration did not propose to include such products under the mandatory PRS.

Functions of WEEE Management Contractor

9. The Administration would acquire through open tender a competent WEEE Management Contractor ("WMC") to provide both collection and recycling services. The Administration's target is oblige the WMC to collect and treat a minimum of 30 000 tonnes of WEEE per annum in accordance with the contract terms. The WMC will be required to operate no less than four regional collection points to accept used or waste E&E products.

Development of a WEEE treatment and recycling facility

10. The Administration plans to develop a modern WEEE treatment and recycling facility at the EcoPark in Tuen Mun, with a designed capacity of 30 000 tonnes of WEEE per annum in support of the future mandatory PRS which will cover television sets, refrigerators, washing machines, air conditioners and computer products. The estimated expenditure of the project is \$536.1 million. The estimated expenditure for 2014-2015 is \$56.3 million which is mainly for the upfront costs of the project, including the design and engineering expenses, etc. The facility is expected to be completed for commissioning in late 2016/early 2017.

Deliberations by the Panel on Environmental Affairs

11. The proposed PRS on WEEE was discussed by the Panel on Environmental Affairs ("the Panel") on 25 January, 22 February and 29 March 2010. The Panel was briefed on the outcome of the public consultation on introducing legislation to implement a mandatory PRS for the proper management of WEEE at its meeting on 28 November 2011. Members

generally supported the principles of PRS for WEEE, but were concerned about the implementation details of the Scheme, particularly the sharing of cost among stakeholders, feasibility of acquiring a competent WMC, assistance to be provided by the Administration, and fee level. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Provision of mandatory and free take-back service by retailers

12. Members pointed out that the retail trades were particularly concerned about the requirement for retailers to take back from consumers the old equipment free of charge on a "new for old" basis for proper disposal. The requirement for retailers to deliver used equipment to WMC would not only create additional compliance cost and logistical burden, but also affect the livelihood of over a thousand second-hand dealers and recyclers. Therefore, retailers were strongly against the take-back requirement and called for a new logistical arrangement for the collection and delivery of WEEE. Some members were also concerned that the WEEE Scheme might aggravate the problem of fly-tipping of WEEE.

Proper treatment of WEEE

13. In response to members' enquiry about the means through which resultant toxic waste from treatment of WEEE could be disposed of locally, the Administration advised that there would be proper detoxification processes in the WEEE treatment plant or other competent facilities like the Chemical Waste Treatment Centre. Where the toxic waste could not be treated locally, it would be sent overseas for proper treatment, as was the case of treatment of used rechargeable batteries for mobile phones. Given the uncertainty associated with the generation of WEEE, members were concerned about the viability of acquiring a competent WMC through open tender to provide collection and treatment services for WEEE. Some members considered that the Administration should provide these services itself.

14. Noting that more than 70 000 tonnes of WEEE were generated in Hong Kong per year, members were also concerned that WMC would only be obliged under contract terms to provide collection and treatment services for a target of a minimum of 30 000 tonnes per annum. The remaining 40 000 tonnes of WEEE would have to be dealt with by second-hand dealers and recyclers who might not have the technical know-how on proper treatment of WEEE.

Sharing of cost among stakeholders

15. Members expressed concern that the Administration had placed the financial burden incurred under the WEEE Scheme on consumers and retailers rather than manufacturers, importers and wholesalers of E&E products who

were more capable of bearing the cost. They opined that apart from the proposed import and export control on WEEE, consideration should be given to imposing a recycling fee on importers and distributors for the import of E&E products. The Administration advised that there was a price to be paid for handling of wastes under the "polluter pays" principle. Nevertheless, the Administration would consider members' request for holding importers and distributors of E&E products responsible for the collection and treatment of WEEE. It was also ready to look into the issue of proper WEEE management through legislating on the restriction of hazardous substances with other relevant government departments while developing the WEEE Scheme.

16. Members also expressed concern about the uncertainty of fee levels for handling WEEE which would be subject to change, as the full cost could not be ascertained before the "Design, Build and Operate" contract for WMC was awarded.

A separate scheme for computer products

17. Referring to the proposal of establishing a separate scheme for computer products, some members opined that this might be worth considering as the detoxification treatment for computers was quite different from other E&E products such as refrigerators and air-conditioners. The Administration explained that different treatment processes would be applied to different types of WEEE. The proposed setting up of a separate scheme for computers was not pursued because it would frustrate the principle of having one set of statutory requirements applying to all E&E products covered under the Scheme. Besides, there were other practical considerations, including the feasibility of financial self-sufficiency.

Council questions

18. Hon CHAN Hak-kan, Hon Frederick FUNG and Hon Kam Nai-wai raised questions relating to the treatment of WEEE and the progress made in introducing a mandatory PRS on WEEE at the Council meetings on 5 January, 19 October and 23 November 2011 respectively. Details of the Council questions are hyperlinked in the **Appendix** for ease of reference.

Latest development

19. The Administration will update the Panel on the development of the mandatory PRS on WEEE and seek the Panel's support for the funding proposal to upgrade 5180DR to Category A for the development of the WEEE treatment and recycling facility at the Panel meeting on 28 April 2014.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
24 April 2014

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	25 January 2010	<p>Administration's paper on "A new producer responsibility scheme for waste electrical and electronic equipment" (LC Paper No. CB(1)915/09-10(07)) http://www.legco.gov.hk/yr09-10/english/panels/ea/papers/ea0125cb1-915-7-e.pdf</p> <p>Background brief on "Producer responsibility scheme for waste electrical and electronic equipment" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)915/09-10(08)) http://www.legco.gov.hk/yr09-10/english/panels/ea/papers/ea0125cb1-915-8-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1441/09-10) http://www.legco.gov.hk/yr09-10/english/panels/ea/minutes/ea20100125.pdf</p>
Panel on Environmental Affairs	22 February 2010	<p>Administration's paper on "A new producer responsibility scheme" (LC Paper No. CB(1)1123/09-10(01)) http://www.legco.gov.hk/yr09-10/english/panels/ea/papers/ea0222cb1-1123-1-e.pdf</p> <p>Updated background brief on "A new producer responsibility scheme for waste electrical and electronic equipment" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)1123/09-10(02)) http://www.legco.gov.hk/yr09-10/english/panels/ea/papers/ea0222cb1-1123-2-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1660/09-10) http://www.legco.gov.hk/yr09-10/english/panels/ea/minutes/ea20100222.pdf</p>

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	29 March 2010	<p>Administration's paper on "A new producer responsibility scheme for waste electrical and electronic equipment" (LC Paper No. CB(1)1443/09-10(06)) http://www.legco.gov.hk/yr09-10/english/panels/ea/papers/ea0329cb1-1443-6-e.pdf</p> <p>Updated background brief on "A new producer responsibility scheme for waste electrical and electronic equipment" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)1443/09-10(07)) http://www.legco.gov.hk/yr09-10/english/panels/ea/papers/ea0329cb1-1443-7-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)1992/09-10) http://www.legco.gov.hk/yr09-10/english/panels/ea/minutes/ea20100329.pdf</p>
Panel on Environmental Affairs	28 November 2011	<p>Administration's paper on "A new producer responsibility scheme for waste electrical and electronic equipment" (LC Paper No. CB(1)424/11-12(03)) http://www.legco.gov.hk/yr11-12/english/panels/ea/papers/ea1128cb1-424-3-e.pdf</p> <p>Updated background brief on "A new producer responsibility scheme for waste electrical and electronic equipment" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)424/11-12(04)) http://www.legco.gov.hk/yr11-12/english/panels/ea/papers/ea1128cb1-424-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)853/11-12) http://www.legco.gov.hk/yr11-12/english/panels/ea/minutes/ea20111128.pdf</p>

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	20 May 2013*	"Hong Kong Blueprint for Sustainable Use of Resources 2013-2022" issued by the Environment Bureau http://www.legco.gov.hk/yr12-13/english/panels/ea/papers/eacb1-1076-1-e.pdf

*Date of issuance of papers

Hyperlinks to relevant Council Questions:

Date	Council Question
5 January 2011	Council question raised by Hon CHAN Hak-kan http://www.info.gov.hk/gia/general/201101/05/P201101050162.htm
19 October 2011	Council question raised by Hon Frederick FUNG http://www.info.gov.hk/gia/general/201110/19/P201110190158.htm
23 November 2011	Council question raised by Hon Kam Nai-wai http://www.info.gov.hk/gia/general/201111/23/P201111230221.htm