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**Panel on Environmental Affairs**

**Meeting on 23 July 2014**

**Updated background brief on "Promotion of the recycling industry"  
prepared by the Legislative Council Secretariat**

**Purpose**

This paper provides updated background information on the Government's measures to promote the recycling industry and on the establishment of the Recycling Fund, and gives a brief account of the views and concerns expressed by Members on the subject.

**Background**

2. In January 2013, there were about 500 companies and organizations engaged in the recycling industry in Hong Kong. These included private recyclers, recycling centers operated by non-profit-making organizations, and recyclers operating at the EcoPark. There were also itinerant collectors and scavengers of recyclable materials.

3. To create a favourable business environment for the waste recycling industry, the Government published the Policy Framework for the Management of Municipal Solid Waste (2005-2014) in December 2005 to set out a series of initiatives to assist the development of local recycling and green industries and encourage more people to join the industry. These measures include –

- (a) the implementation of programmes on source separation of waste to encourage the public to separate waste at source so as to increase the amount of local recyclables for collection;
- (b) the identification of more suitable sites for leasing to the recycling industry under short-term tenancy through bidding;

- (c) the development of the EcoPark to provide long-term land for the recycling industry at affordable rent so as to facilitate and encourage investment by the recycling industry;
- (d) the promotion of the green procurement policy among government departments to boost the demand for green products as an outlet for recycled/green products and materials;
- (e) the implementation of producer responsibility schemes ("PRSs") to encourage the public and different industries to engage more actively in waste recovery; and
- (f) the encouragement of the development of recycling technologies to upgrade the standard of local recycling industry through the Innovation and Technology Fund, the Environment and Conservation Fund ("ECF") and various funds for small and medium enterprises.

4. Apart from the above, as over 3 million tonnes of recyclable materials are recovered in Hong Kong every year and the majority is exported for recycling, the Government is committed to allocating suitable Public Cargo Working Area ("PCWA") berths for bidding by the recycling industry for their exclusive use to provide local waste recyclers with stable export facilities to support their recycling activities. The Government plans to adopt the arrangement when the current PCWA leases expire in 2016.

5. The Government is also committed to launching initiatives on various fronts to facilitate the development of the recycling and green industries. In this connection –

- (a) legislative proposals are being prepared to introduce a new PRS on waste electrical and electronic equipment ("WEEE"). Mandatory PRSs will be implemented progressively, with priority accorded to glass beverage bottles;
- (b) five pilot Community Green Stations ("CGSs") are being set up in different districts in Hong Kong to facilitate the collection of recyclables at the district level. In addition to publicity and education activities, CGSs will support recycling activities at the community level. This will include reaching out to the community to collect recyclable materials, supporting the

community recycling network ("CRN") and launching other source separation initiatives;

- (c) public consultation on the implementation details of municipal solid waste charging has been conducted to promote public participation in recycling and offer a financial incentive to the recycling industry to invest more in the industry; and
- (d) \$5,000 million has been injected into ECF to invest in long-term environmental action as sustainable support to the community.

6. In May 2013, the Environment Bureau issued the document "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022" ("the Action Blueprint"), which maps out strategies, targets, policies and action plans for waste management for the coming 10 years. To achieve waste reduction and recovery, the Government will undertake multiple and concurrent actions to drive behavioural change to reduce waste at source and to roll out targeted territory-wide waste reduction campaigns including waste recycling initiatives.

#### Recyclables of low commercial values

7. In general, recyclables of lower values including waste plastics, glass bottles, WEEE and wood require some government assistance to make their collection and recycling viable.

8. For waste plastics and WEEE, the Government has provided funding through ECF for non-government organizations to operate recycling centres at EcoPark. There are also 15 ECF-funded Community Recycling Centres to provide waste-exchange service and collection of recyclables of lower values. In addition, there are 48 community collection points which provide promotion materials and gifts to participants who bring recyclables to the collection points.

9. For wood waste, the Government has been liaising with wood waste producers and collectors, including government departments, to encourage separation of wood waste at source and delivery of wood waste direct to EcoPark or other suitable recyclers for processing. Meanwhile, the Government will continue to implement various voluntary PRSs in collaboration with relevant trades. To enhance the quality of recovered materials, new publicity and promotion will continue to be rolled out to promote the proper use of waste separation bins.

Steering Committee to Promote the Sustainable Development of the Recycling Industry ("the Steering Committee")

10. To step up concerted efforts in promoting the healthy development of the recycling industry, the Steering Committee, which is led by the Chief Secretary for Administration, was set up in August 2013. The Steering Committee is tasked to –

- (a) review the current situation of local recyclables' collection and disposal, and relevant policies and support measures;
- (b) study viable measures to support the recycling industry (which covers exploring the feasibility of setting up a "Recycling Fund" and its possible mode of operation);
- (c) enhance the community recycling network;
- (d) foster community support in recycling through public education and community involvement projects; and
- (e) promote research on relevant technologies as well as training and development of the workforce.

11. The Steering Committee has met with the recycling industry and relevant stakeholders to listen to their views on the way forward to promote the sustainable development of Hong Kong's recycling industry and support recycling operations. It will also study in depth the structure of recycling operations for different types of recyclables and formulate support programmes and measures for each recyclable type.

Recycling Fund

12. To promote the sustainable development of the recycling industry, the Government has earmarked \$1 billion to set up a Recycling Fund. According to the Administration, the Steering Committee will study the specific uses of the Recycling Fund in depth with a view to formulating effective, equitable and sustainable proposals. Reference will be made to the modes of financial assistance to the recycling industry in other regions and their effectiveness, and the unique situation of different types of recyclables in Hong Kong.

13. The key objective of the Fund will be to facilitate the upgrading of the operational capabilities and efficiency of the recycling industry for sustainable

development in order to achieve the policy objectives of waste reduction as stated in the Action Blueprint. The Administration will assist the operators through the Recycling Fund in expanding their business operations and/or upgrading their capabilities, with a view to enabling the sustainable development of their businesses even without the subsidies from the Administration in future. The subsidies under the Fund will be granted on a project basis. The Administration is reviewing the recycling operations of different types of recyclables. Given the uniqueness of individual recyclable materials, the Administration will formulate support programmes and measures for them.

14. As informed by the Administration, after the Recycling Fund has come into operation, timely reviews will be conducted on its effectiveness, including the effects on raising the industry's standards of operation and the quantity and quality of recyclables treated in Hong Kong. The Administration will also consider the way forward, including injection arrangement, etc., with regard to the operation and effectiveness of the Fund.

### **Deliberations by the Panel on Environmental Affairs**

15. On 16 December 2013 and 27 January 2014, the Panel on Environmental Affairs ("the Panel") discussed the Administration's measures to promote the sustainable development of the recycling industry. The Panel touched on the subject of the Recycling Fund when discussing the environmental initiatives in the 2014 Policy Address at its meeting on 27 January 2014. The Public Works Subcommittee ("PWSC") also discussed issues relating to the Recycling Fund at its meeting on 16 April 2014. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

#### Recycling of recyclables of low commercial values

16. Some members expressed concern that recyclables of low commercial values (e.g. waste plastics) did not have sufficient market outlets and ultimately ended up in landfills. To reduce the pressure for waste treatment, the Administration should develop markets for different types of recyclable materials. It should also invest in recycling operations by providing subsidies to waste recyclers in the recycling of recyclables with low commercial values.

### Support to the recycling industry

17. Some other members opined that the Administration should not only encourage the public to separate waste at source for collection and processing by local recyclers, it should also identify new approaches to drive the sustainable development of the recycling industry. The Administration was also requested to consider providing direct or indirect support and assistance to waste recovery or treatment, including introducing supportive measures in terms of taxation, technology, land, funding or regional collaboration with some Mainland cities.

18. There was also the view that the Administration should legislate for source separation of waste in Hong Kong as this would be more cost-effective than introducing different schemes and programmes to encourage the public to separate waste at source. Taking into consideration that some recycling operations might cause environmental nuisance to nearby residents, the Administration was urged to help identify suitable sites for local recyclers to develop their business. The Environment Bureau should also work closely with relevant policy bureaux and government departments to facilitate different recycling operations and create a favourable business environment for the recycling sector.

19. Some members criticized that the Administration did not have a comprehensive waste management plan, in particular on how to tackle the food waste problem. Taking into consideration that the current practice of disposing of food waste at landfills was environmentally undesirable as it would create odour nuisance and generate leachate that required further mitigation measures to deal with, these members urged the Administration to set aside a recurrent expenditure of \$2 billion per year to promote food waste reduction, source separation and recycling in different sectors and districts.

### CRN and CGSs

20. The Panel expressed support for CRN which was a territory-wide district-based network for promoting waste reduction and recycling. The Panel also supported the setting up of CGSs in each of the 18 districts to support recycling at the community level and promote environmental education. However, members were concerned that some recycling operations in the collection points under CRN had caused environmental nuisance to nearby residents. They further relayed that some District Councils were concerned about the poor hygiene conditions of CGSs and there had been environmental complaints against some roadside recycling shops which reflected adversely on the recycling industry. Members opined that the collection points under CRN

should not be located in residential areas to avoid causing nuisance to residents in the neighbourhood, and the Administration should introduce measures to regulate the safety and environmental hygiene conditions of CGSs.

21. On the other hand, some members were of the view that as CGSs had a role to play in environmental education, it was not desirable for them to be located far from residential areas. Besides, CGSs would be the logistical hub for recycling operations where NGOs would liaise with local communities and waste recyclers to collect recyclables for processing. If they were far away from urban areas, the high transportation costs and long travelling time might undermine the business viability of the recycling industry.

#### Berthing facilities for use by waste exporters

22. Noting that the local recycling industry relied heavily on the export of recyclables collected, some members expressed concern that local recyclables might not have sufficient market outlets as some countries had tightened up their national standards for imported waste. They urged the Administration to step up efforts to enable the recycling industry to realize its full potential such that recyclables recovered from the community could be consumed locally. They further enquired how the future land use planning of PCWAs would facilitate and support the development of the recycling industry. The Administration advised that it would consider identifying suitable PCWA berths for bidding by the industry for their exclusive use to provide local waste recyclers with stable export facilities to support their recycling activities.

#### Recycling Fund

23. Members had expressed concerns about the specific uses, administration and operation of the Recycling Fund. Panel members considered that the Administration should lay down clear and objective criteria and procedures for the Recycling Fund to ensure that the application and vetting process would be conducted in an open and fair manner.

24. While agreeing with the need to set up the Recycling Fund to support the recycling industry, some members opined that the Administration should not neglect the importance of the transport trades in facilitating the collection of different recyclables. The Administration undertook to take into account the uniqueness of different recyclable materials and formulate specific support programmes and measures for different types of recyclables.

25. In response to PWSC members' enquiry about the criteria for vetting proposals under the Recycling Fund, the Administration advised that a committee would be set up shortly to consider different proposals put forward by the industry. In vetting a proposal, the committee would take into account, among others, the sustainability of the project, whether the proposal would help alleviate the pressure on landfills and enhance the quantity and quality of recyclable materials within a specified period, say two years, etc. The Administration would continue to engage the industry in working out the details on the operation of the Fund.

### **Council questions and motion**

26. Hon Vincent FANG, Hon KWOK Wai-keung, Hon CHAN Hak-kan and Hon Jeffrey LAM raised questions relating to the recycling industry at the Council meetings on 26 January 2011, 30 January 2013, 20 November 2013 and 18 June 2014. Details of the Council questions are hyperlinked in the **Appendix** for ease of reference.

27. At its meeting on 10 July 2013, the Council passed the motion on "Promoting the waste recycling industry to create employment opportunities" moved by Hon KWOK Wai-keung as amended by Ir Dr Hon LO Wai-kiwok, Dr Hon Kenneth CHAN, Hon Gary FAN and Hon WU Chi-wai. The hyperlinks to the wording of the motion and the progress report provided by the Administration are provided in the **Appendix**.

### **Latest development**

28. The Administration will brief the Panel on the measures implemented to promote the recycling industry as well as the establishment of the Recycling Fund at the meeting scheduled for 23 July 2014.

### **Relevant papers**

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



List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	24 June 2013	<p>Administration's paper on "Monitoring the outsourcing of the collection of recyclable materials and promotion of the recycling trade" (LC Paper No. CB(1)1332/12-13(05)) <a href="http://www.legco.gov.hk/yr12-13/english/panels/ea/papers/ea0624cb1-1332-5-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ea/papers/ea0624cb1-1332-5-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)1807/12-13) <a href="http://www.legco.gov.hk/yr12-13/english/panels/ea/minutes/ea20130624.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ea/minutes/ea20130624.pdf</a></p> <p>Administration's supplementary paper on "Monitoring the outsourcing of the collection of recyclable materials and promotion of the recycling trade" (LC Paper No. CB(1)218/13-14(01)) <a href="http://www.legco.gov.hk/yr12-13/english/panels/ea/papers/ea0624cb1-218-1-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ea/papers/ea0624cb1-218-1-e.pdf</a></p>

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	16 December 2013	<p>Administration's paper on "Promotion of Recycling Industry" (LC Paper No. CB(1)500/13-14(03)) <a href="http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea1216cb1-500-3-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea1216cb1-500-3-e.pdf</a></p> <p>Background brief on "Promotion of the recycling industry" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)500/13-14(04)) <a href="http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea1216cb1-500-4-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea1216cb1-500-4-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)1103/13-14) <a href="http://www.legco.gov.hk/yr13-14/english/panels/ea/minutes/ea20131216.pdf">http://www.legco.gov.hk/yr13-14/english/panels/ea/minutes/ea20131216.pdf</a></p> <p>Administration's supplementary paper on "Promotion of Recycling Industry " (LC Paper No. CB(1)787/13-14(03)) <a href="http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea0127cb1-787-3-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea0127cb1-787-3-e.pdf</a></p>
Panel on Environmental Affairs	27 January 2014	<p>Administration's paper on "2014 Policy Address – Policy initiatives of Environment Bureau: Environmental protection" (LC Paper No. CB(1)744/13-14(01)) <a href="http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea0127cb1-744-1-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/ea/papers/ea0127cb1-744-1-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1)1291/13-14) <a href="http://www.legco.gov.hk/yr13-14/english/panels/ea/minutes/ea20140127.pdf">http://www.legco.gov.hk/yr13-14/english/panels/ea/minutes/ea20140127.pdf</a></p>
Public Works Subcommittee	16 April 2014	<p>Minutes of meeting (LC Paper No. PWSC93/13-14) <a href="http://www.legco.gov.hk/yr13-14/english/fc/pwsc/minutes/pwsc20140416.pdf">http://www.legco.gov.hk/yr13-14/english/fc/pwsc/minutes/pwsc20140416.pdf</a></p>

Hyperlinks to relevant Council Questions:

<b>Date</b>	<b>Council Question</b>
26 January 2011	Council question raised by Hon Vincent FANG <a href="http://www.info.gov.hk/gia/general/201101/26/P201101260184.htm">http://www.info.gov.hk/gia/general/201101/26/P201101260184.htm</a>
30 January 2013	Council question raised by Hon KWOK Wai-keung <a href="http://www.info.gov.hk/gia/general/201301/30/P201301300399.htm">http://www.info.gov.hk/gia/general/201301/30/P201301300399.htm</a>
20 November 2013	Council question raised by Hon CHAN Hak-kan <a href="http://www.info.gov.hk/gia/general/201311/20/P201311200626.htm">http://www.info.gov.hk/gia/general/201311/20/P201311200626.htm</a>
18 June 2014	Council question raised by Hon Jeffrey LAM <a href="http://www.info.gov.hk/gia/general/201406/18/P201406180536.htm">http://www.info.gov.hk/gia/general/201406/18/P201406180536.htm</a>

Hyperlink to relevant Motion:

<b>Date</b>	<b>Motion</b>
10 July 2013	Motion on "Promoting the waste recycling industry to create employment opportunities" moved by Hon KWOK Wai-keung as amended by Ir Dr Hon LO Wai-kwok, Dr Hon Kenneth CHAN, Hon Gary FAN and Hon WU Chi-wai <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm0710-m2-wordings-e.pdf">http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm0710-m2-wordings-e.pdf</a>  Progress report provided by the Administration <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm0710-m2-prpt-e.pdf">http://www.legco.gov.hk/yr12-13/english/counmtg/motion/cm0710-m2-prpt-e.pdf</a>