

**Promotion of Recycling and Proper Disposal
(Electrical Equipment and Electronic Equipment)
(Amendment) Bill 2015**

This note serves to provide supplementary information about the Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Bill 2015 in response to the following follow-up actions required by the Bills Committee after the first meeting on 9 April 2015 –

(a) in respect of any piece of regulated electrical equipment (“REE”) which is defined in the Bill, clarify whether the proposed recycling fees would be payable in respect of the REE concerned in the following situations and provide the relevant legal justifications –

2. Under the proposed section 37 of the Product Eco-responsibility Ordinance (“PERO”), the responsibility to pay the recycling fee lies with a registered supplier. Under the proposed section 32, a supplier must get registered if he carries on a business of distributing regulated electrical equipment (“REE”) for further distribution in Hong Kong. As defined under the proposed section 31, a supplier means –

- (a) a person who manufactures REE in Hong Kong in the course of the person’s business; or
- (b) a person who causes to be imported into Hong Kong REE for distribution in the course of the person’s business, but does not include a person who only provides service for transporting the REE that does not belong to the person into Hong Kong for another person.

3. Under the proposed section 37(1)(b), in respect of an item of REE of a registered supplier, recycling fee is payable if the supplier distributes the item of REE (directly to a consumer or through another party) or uses the item of REE for the first time.

4. Against the above background, the charging of recycling fee (or otherwise) in the given scenarios is explained below –

- (i) if an individual purchases a piece of REE in Hong Kong but uses or distributes the item outside Hong Kong and the item is discarded in or outside Hong Kong;***

5. This scenario involves the distribution of an item of REE to an individual in Hong Kong (from a supplier directly or through other businesses). The supplier of the item will have to pay or will have paid the recycling fee by the time the item of REE is distributed to the individual.

- (ii) if an individual purchases a piece of REE from overseas but uses or distributes the item in Hong Kong and the item is discarded in or outside Hong Kong;***

6. This scenario involves the use or distribution of an item of REE in Hong Kong by an individual. The recycling fee is payable if the individual is a supplier (cf. paragraph 2 above).

- (iii) if an individual purchases a piece of REE from overseas through online shopping and uses or distributes the item in Hong Kong and the item is discarded in or outside Hong Kong;***

7. This scenario is an example of the one discussed in paragraph 6 above.

- (iv) if an individual purchases a piece of REE which is a parallel import from a local seller and the individual uses or distributes the item in Hong Kong and the item is discarded in or outside Hong Kong;***

8. This scenario is similar to the one discussed in paragraph 5 above.

- (v) if an individual purchases (either locally or from overseas) certain electrical/electronic components to assemble a piece of REE for his/her own use in Hong Kong (or the individual distributes the assembled REE in Hong Kong), and the piece of REE is discarded in or outside Hong Kong.***

9. This scenario involves the manufacturing of REE. If the

individual manufactures the item of REE in Hong Kong and does so in the course of his business, he will be a supplier within the meaning as defined under the proposed section 31. Recycling fee is payable by him if he distributes the item of REE (directly to a consumer or through another party) or uses the item of REE for the first time.

(b) provide details of the proposed recycling fees of the five types of REE and advise whether a fee adjustment mechanism would be established and, if yes, the considerations that would be taken into account in adjusting the fee levels;

10. The proposed Schedule 6 contains eight classes of REE for each of which a specific recycling fee will be prescribed by regulation to be made under the proposed section 44. The Government will draw up fee proposals as soon as practicable taking into account the full costs of the producer responsibility scheme (“PRS”) and other relevant factors. We will also review the recycling fee from time to time to ensure that it is set at an appropriate level to achieve the environmental objective in addition to seeking the full-cost recovery of the operation of the PRS.

11. As a matter of statutory procedures, the Secretary for the Environment must consult the Advisory Council on the Environment before making any regulation to prescribe or adjust the recycling fee and the regulation is subject to the approval of the Legislative Council (i.e. positive vetting). During the public consultation, we explained that indicatively, the recycling fee could be around \$100 for a smaller item of REE and around \$200 to \$250 for a bulky item; the recycling fee for a computer product is expected to be lower.

(c) explain with a flow chart the overall collection and treatment of regulated e-waste and the collection of the proposed recycling fees, in particular how the fees would be shouldered by the stakeholders (e.g. manufacturers, importers, distributors, retailers and consumers) along the supply chain;

12. At its meeting on 27 February 2015, the Legislative Council Finance Committee endorsed the funding application for the Waste Electrical and Electronic Equipment Treatment and Recycling Facility (“WEEETF”) at an estimated capital cost of about \$550 million and operating expenses of \$200 million per annum.

13. By now, we have awarded the Design-Build-Operate (“DBO”) contract to the appointed WEEETRF operator in accordance with the result of the open tender. Apart from designing and building the facility, the WEEETRF operator will be responsible at the operation stage for both the collection and treatment of regulated e-waste and will be paid with approved funding out of the General Revenue in accordance with the DBO contract terms taking into account mainly the actual work done (i.e. the amount of regulated e-waste collected and treated). Annex A shows a flow chart illustrating the movement of regulated e-waste under the PRS.

14. To recover the full costs of the PRS, the Government will collect from registered suppliers a recycling fee on REE by way of regulation to be made under the proposed section 44(1)(c). The revenue will be paid into the General Revenue. There is no statutory mechanism as to how a registered supplier may recover the recycling fee wholly or partially along the supply chain and ultimately from consumers. That said, in order to give effect to a visible fee, the proposed section 35(2)(b) requires a seller who distributes REE to provide to the consumer a receipt with standard wording to be prescribed by regulation, the tentative version of which is as follows –

本產品是《產品環保責任條例》(第 603 章)所指的受管制電器。
一名登記供應商已經或將會向政府支付\$ 循環再造費用。
This equipment is an item of regulated electrical equipment within the meaning of the Product Eco-responsibility Ordinance (Cap. 603). A recycling fee of \$ has been or will be paid to the Government by a registered supplier.

Annex B shows a flow chart of how the recycling fee will be shared among different stakeholders along the supply chain.

(d) in respect of the licensing requirements as proposed in the Bill, advise the number of private recyclers undertaking recycling of regulated e-waste who will be exempted from obtaining a waste disposal licence under section 16 of the Waste Disposal Ordinance (Cap. 354); and

15. We propose to apply the licensing control under section 16 of the Waste Disposal Ordinance (“WDO”) to the disposal of regulated e-waste where “disposal”, in relation to e-waste, includes storage, treatment, reprocessing and recycling. The proposed licensing requirement seeks

to enhance the control on the disposal of regulated e-waste.

16. In general, proper treatment, reprocessing and recycling of WEEE involves various dismantling, detoxification and recovery processes. But partial treatment such as simple dismantling of regulated e-waste may also be undertaken by some practitioners in the recycling industry for logistic handling or other reasons. We have proposed certain exclusion under the proposed section 16(2)(ea) of the WDO such that disposal of regulated e-waste which is not being chemical waste on land or in premises with an area of not more than 100 m² will not require a waste disposal licence. This will avoid undue impact on the relevant small-scale operations. We do not have an estimate of the number of these recycling practitioners who may be involved because they can be collectors or other associated businesses who do not form a distinct sector. But we envisage that private recyclers undertaking full treatment of regulated e-waste will unlikely be eligible for such exclusion. If the e-waste concerned is classified as chemical waste, the existing licensing requirement under WDO will apply.

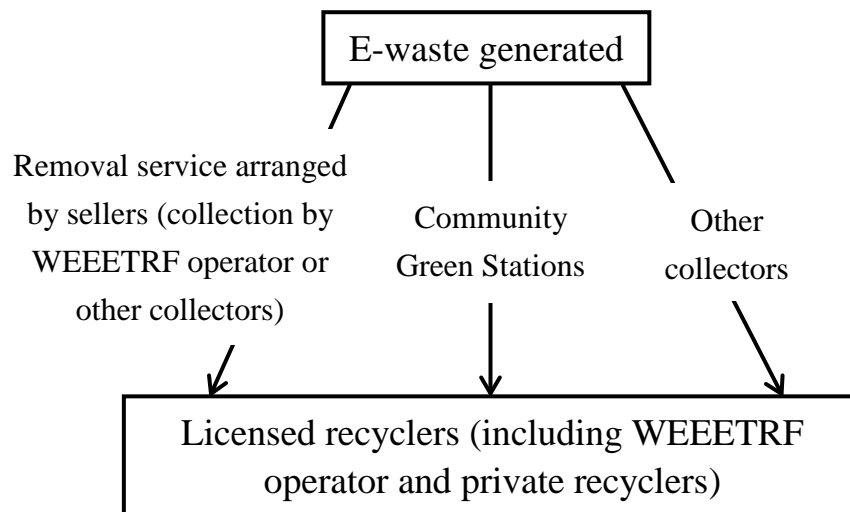
(e) advise the number of fire outbreaks in recycling plants in Hong Kong in the past few years.

17. According to the Fire Services Department, the number of fire calls relating to waste recycling sites in the past three years are summarised below –

- Year 2012: 20 incidents.
- Year 2013: 18 incidents.
- Year 2014: 15 incidents.

**Environmental Protection Department
April 2015**

Flow of Regulated E-waste



Flow of Recycling Fee

