

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

This note serves to provide the Administration's response to the comments about the Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Bill 2015 ("Amendment Bill"), raised by deputations and Bills Committee members at the second meeting on 4 May 2015 –

Amendments to the Product Eco-responsibility Ordinance (Cap. 603)

Regulated Electrical Equipment

2. At present, we have proposed that the producer responsibility scheme ("PRS") on waste electrical and electronic equipment will initially cover air conditioners, refrigerators, washing machines, televisions, computers, printers, scanners and monitors. These eight classes of regulated electrical equipment ("REE") have each been defined under the proposed Schedule 6. They account for about 85% of all e-waste generated in Hong Kong. Other similar schemes internationally also cover the same types of REE when they were first introduced. As for other electrical and electronic equipment, most of them have an active local second-hand market. For the time being, it is more appropriate to support their proper recycling through voluntary recycling programmes. That said, we will review and consider the need of extending the PRS to cover them at a later stage after accumulating practical experience. Similarly, we will keep in view the developments to ensure that the proposed Schedule 6 is up-to-date given the emergence of new products in the market.

Recycling Fee

3. We will collect from the registered supplier the proposed recycling fee for REE that is "used" in Hong Kong or "distributed" to the Hong Kong market. Since REE is defined to be an item that (amongst other things) has not been used by any consumer as defined by the Amendment Bill, no recycling fee will be payable in respect of the distribution or use of any second-hand product.

4. As to the fee level, as advised vide LC Paper No. CB(1)788/14-15(06), 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 PRS and other relevant factors to reflect the “polluter pays” principle. 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, as well as seeking the full-cost recovery of the operation of the PRS. 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.

5. There is no statutory or administrative 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 make the fee evident, the proposed section 35(2)(b) requires a seller who distributes REE to provide to the consumer a receipt with the 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 元循環再造費。

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.

Recycling Label

6. Under the proposed section 35(1), if a registered supplier distributes to a person any REE for further distribution in Hong Kong to a consumer, the supplier must provide to the person a recycling label that is appropriate for the equipment. Similarly, under the proposed section 35(2), if a seller distributes any REE to a consumer, the seller must provide to the consumer a recycling label that is appropriate for the equipment.

7. The recycling label will mainly serve an identification purpose so that as any equipment is distributed in Hong Kong along the supply

chain, the relevant parties (including the consumer) will be aware that the equipment is an item of REE and a recycling fee has been or will be paid to the Government by a registered supplier. We are fully aware of the trade's concern about the operational constraints that might affect how the recycling label can practicably be provided by the registered supplier or the seller¹. The recycling label does not necessarily have to be affixed to the equipment or the related invoice or user manual. We will leave some flexibility to implement the new measures by making reference to different modes of operation in the trade. The recycling label can be delivered to consumer at the time of sale or delivery of the equipment. We will further engage the trade as we finalize the implementation details which will be prescribed by regulation at the next stage.

Removal Service to be Arranged by Sellers

8. Under the proposed section 41(1), a seller must have a removal service plan endorsed by the Government under which for every item of REE purchased by a consumer, an old equipment of the same class can be removed from a premises designated by the consumer for proper disposal at no extra charge on the consumer.

9. The availability of seller-arranged removal service does not mean that a consumer must use such service. A consumer has a choice to keep the old equipment for continued use, donate to charity or make separate removal arrangement at his or her own cost. As illustrated in Annex A to LC Paper No. CB(1)788/14-15(06), a consumer may also hand over the old product to a community green station or other collectors including a charitable organization operating refurbish-and-donate programme similar to WEEE Go Green operated by St James Settlement and the computer recycling programme operated by Caritas Computer Workshop². Upon commissioning of service, the

¹ For instance, as revealed in the Business Impact Assessment study conducted in 2010, it will not be practicable for the recycling label to be affixed onto an item of REE before it is first distributed in Hong Kong.

² Through the funding support of the Environment and Conservation Fund, St James Settlement is operating a non-profit recycling programme, namely WEEE Go Green, under which used electrical and electronic equipment is collected. Qualified and registered technicians will inspect, repair and test the equipment. Functioning units that meet the required safety standards are donated to the needy or put up for charitable sale. Units that are beyond repair are dismantled and recycled.

The Caritas Computer Workshop operates a computer recycling programme. The Government has since 2003 been providing land support to the programme which is operating inside the Kowloon Bay Material Transfer Centre.

operator of the Waste Electrical and Electronic Equipment Treatment and Recycling Facility (“WEEETRF”) will also operate a number of collection centres to facilitate the disposal of e-waste by members of the public.

10. In line with the suggestions of several deputations, we have sought to promote the reuse of used electrical and electronic equipment by requiring the WEEETRF operator to refurbish and donate certain amount of usable and good quality items to charitable organizations. We will also continue to enhance our publicity and public education on 3R (i.e. Reduce, Reuse and Recycle). We will feature suitable messages that encourage donation of reusable old equipment.

11. As regards the requirements under the proposed section 41(4) and (5) for the seller to notify the consumer in writing of certain information relating to the removal service, our intent is to ensure that before entering into any contract of distribution, the consumer will be referred to written information in which the seller’s obligations in relation to the removal service have been set out. The requirements do not prevent any transactions from being done via, say, a telephone order, in which case sellers may notify the consumer of the removal terms by an online document or telephone text message service.

Amendments to the Waste Disposal Ordinance (“WDO”) (Cap. 354)

Waste Disposal Licence

12. We have proposed to apply the licensing control under section 16 of the 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.

13. We note the concern about recyclers seeking to circumvent the licencing control by breaking down their treatment processes into smaller scale operation in view of the proposed exemption for storage of e-waste with a certain volume offered under section 16(2). As we have advised vide LC Paper No. CB(1)788/14-15(06), in general, proper treatment, reprocessing and recycling of e-waste 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 an exemption under the proposed section 16(2)(ea) of the WDO such that disposal of regulated e-waste that is not chemical waste on land or 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 the exemption. If the e-waste concerned is classified as chemical waste, the existing licensing requirement under WDO will apply.

Disposal Ban

14. Under the proposed section 3AB of the Waste Disposal (Designated Waste Disposal Facility) Regulation (Cap. 354L), a person must not accept for disposal any regulated e-waste at any designated waste disposal facility. It follows that a refuse collection vehicle which is found to be delivering regulated e-waste to a designated waste disposal facility may be rejected entry to the facility.

15. We do not envisage major implementation problems because at present, only an insignificant amount of e-waste is disposed of at the landfills. With the enhancements to the present system under the PRS, we envisage that increasingly more e-waste (regulated or otherwise) can be channeled into our collection network for processing by the WEEETRF or other competent recyclers. In any event, we will step up publicity, educating the public not to dispose of non-regulated e-waste as ordinary trash.

WEEETRF

16. With a design capacity of about 30 000 tonnes per annum³, the WEEETRF will not crowd out any existing recyclers. This is because at present, about 70 000 tonnes of e-waste are generated in Hong Kong annually, the majority of which are exported to other countries. With enhanced import and export control under the PRS and other measures to facilitate efficient collection of e-waste, we envisage that in future the majority of the regulated e-waste will be retained within Hong Kong and

³ If need be, there is flexibility for the treatment capacity to be increased to 57 000 tonnes annually by arranging an additional shift in the operation of the facility.

channeled to proper recycling facilities in Hong Kong. This can enhance the business opportunities for e-waste collection and treatment in the local recycling market as a whole. The increased demand for treatment service will allow both the WEEETRF and competent private recyclers to develop their businesses. We will strive to ensure a level-playing field as both the WEEETRF and private recyclers will have to comply with the licensing requirements under the PRS.

17. The WEEETRF operator will be paid with approved funding out of the General Revenue in accordance with the terms of the Design, Build and Operate (“DBO”) contract taking into account mainly the actual work done (i.e. the amount of regulated e-waste collected and treated). A private recycler will not be entitled to the same payment mainly because the WEEETRF operator is obliged under the DBO contract to accept any regulated e-waste including items of lower commercial value. Rather, a private recycler enjoys the freehand in determining the services that may be offered. We envisage that private recyclers will more likely focus their businesses on e-waste of higher residual value (such as air conditioners and computer products) or “off-specification” equipment⁴ from commercial or industrial sources for which the logistics can be arranged in more cost-effective manner through bulk collection.

Environmental Protection Department
May 2015

⁴ Off-specification equipment refers to equipment that cannot meet the specifications or standards as required by law or regulations or other requirements of the manufacturer.