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Panel on Environmental Affairs

Meeting on 26 January 2015

**Updated background brief on "Mandatory producer responsibility scheme
on 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 on waste electrical and electronic equipment, and gives a brief account of the views and concerns expressed by members of the Panel on Environmental Affairs ("the Panel") on the subject.

Background

Producer responsibility schemes ("PRSs")

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. The Policy Framework recommended the introduction of PRS for the following six types of products¹—

¹ These products are accorded priority because they could be a stable source of materials for developing local recycling industry and their diversion from landfills could help save landfill space.

- (a) Vehicle tyres;
- (b) Plastic shopping bags;
- (c) Electrical and electronic equipment;
- (d) Packaging materials;
- (e) Beverage containers; and
- (f) Rechargeable batteries.

3. To provide a legislative framework for the implementation of PRSs 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 PRSs 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.

Waste electrical and electronic equipment ("WEEE")

4. According to the Administration, WEEE contains hazardous components that are harmful to the environment and human health if not properly treated or disposed of. At present, about 70 000 tonnes of WEEE are generated in Hong Kong annually, most of which are exported for reuse or recovery of valuable materials. The reliance on export may not be sustainable in the long run because demand for second-hand products overseas will decline over time with progressive economic development and tightening of import control over WEEE in the developing countries. In view of these developments, the Administration considers that the introduction of a mandatory PRS on WEEE and development of a WEEE treatment facility in Hong Kong will contribute towards the proper management of WEEE locally and the long-term development of the recycling industry.

Introduction of a mandatory PRS on WEEE

5. To enhance the management of WEEE, the Administration launched a three-month public consultation on 18 January 2010 to consult the public on the proposed mandatory PRS on WEEE 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 decided to take forward the mandatory PRS on WEEE on the basis of the mainstream proposals in the consultation document.

6. According to the information² provided by the Administration in April 2014, the proposed mandatory PRS on WEEE requires amendments to PERO and the Waste Disposal Ordinance (Cap. 354) ("WDO"). It will also be complemented by the setting up of the proposed WEEE treatment and recycling facility ("WEEETRF")³. In line with the "polluter pays" principle, there will be a statutory recycling fee imposed on the new regulated electrical equipment in order to recover the full PRS costs for collection, treatment and administration.

7. The proposed mandatory PRS will regulate five types of products, namely (i) washing machines, (ii) refrigerators, (iii) air conditioners, (iv) television sets and (v) computer products viz. computers, printers, scanners and monitors. These five types of regulated products account for about 85% of WEEE generated locally. The other key features of the mandatory PRS on WEEE are set out in the Administration's paper LC Paper No. CB(1)1292/13-14(03) for the Panel meeting on 28 April 2014.

Deliberations of the Panel

8. The proposed PRS on WEEE was discussed by 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 on WEEE, but were concerned about the implementation details of the scheme, particularly the sharing of cost among stakeholders, feasibility of identifying and engaging a competent WEEE management contractor ("WMC")⁴, assistance to be provided by the Administration, and the level of recycling fee.

9. The Panel was consulted on the Administration's plan to handle WEEE through the mandatory PRS and to develop WEEETRF at its meeting on

² See LC Paper No. [CB\(1\)1292/13-14\(03\)](#).

³ The Administration has proposed to develop a WEEETRF at a three-hectare site at the EcoPark in Tuen Mun so as to have proper management of WEEE locally and support the long-term development of the recycling industry. As set out in the funding proposal to the Public Works Subcommittee ("PWSC") (Paper No. [PWSC\(2014-15\)39](#)), the proposed scope of WEEETRF includes (a) design and construction of WEEETRF to treat and recycle 30 000 tonnes of WEEE per annum; (b) provision of treatment and recycling equipment and machinery; and (c) provision of architectural and landscaping works for WEEETRF. The estimated expenditure of the project is \$548.6 million. The facility is expected to be completed for commissioning in early 2017. The funding proposal has yet to be considered by PWSC.

⁴ According to the Administration, a competent WMC will be acquired through open tender to source and collect regulated e-waste for treatment at the proposed WEEETRF.

28 April 2014. While Panel members were generally supportive of the mandatory PRS on WEEE and the development of the proposed WEEETRF, members expressed various views on the details of the proposals. The Panel supported the submission of the funding proposal of the proposed WEEETRF to PWSC for consideration. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Coverage of the mandatory PRS on WEEE

10. Members expressed concern that the novelties in the functions and designs of electronic equipment such as notebook computers and tablet computers might make it difficult for the Administration to define in clear terms the scope of the regulated electrical equipment. They considered that the proposed PRS on WEEE should allow some flexibility in defining the scope of individual types of regulated electrical equipment to cater for the rapid development of technologies.

11. The Administration advised that the legislative proposal for implementing the mandatory PRS on WEEE would stipulate the definitions of the regulated electrical equipment. Computers under the mandatory PRS on WEEE would include desktops, laptops and tablets. However, mobile phones, which were currently very marketable in the local second-hand market, would not be included in the regulatory regime. The Administration would consider extending the scope of the proposed PRS to cover other WEEE products at a later stage.

Charge of recycling fee

12. Noting that under the mandatory PRS on WEEE, a recycling fee would be collected upon the local distribution of the regulated electrical equipment to finance the collection and treatment cost of the equipment, members were concerned that without stipulating the percentage of the recycling fee to be shouldered by different stakeholder groups, such as manufacturers, importers, distributors, retailers and consumers, the recycling fee might ultimately be shifted wholly or partially to consumers, thus posing a financial burden on them. Members held the view that as the Administration planned to develop a Community Green Station ("CGS")⁵ in each of the 18 districts to support recycling at the community level and consumers might dispose of their old electrical equipment at CGSs, it would be unfair for consumers to pay the

⁵ The Chief Executive announced in the 2014 Policy Address that the Government plans to develop a CGS in each of the 18 districts. These stations will be operated by non-profit-making organizations to enhance environmental education and help collect different types of recyclables in the local community, with a view to promoting green living at the community level.

recycling fee if they did not use the take-back service provided by the sellers of new equipment. The Administration was urged to enhance its efforts to protect the interests of consumers.

13. As regards the sharing of the recycling fee among different stakeholder groups, the Administration advised that it would be determined entirely by market forces. The mandatory PRS on WEEE aimed to drive behavioural changes of the community to reduce e-waste, thus fostering the reuse and recycling of electrical equipment.

Proper treatment of WEEE

14. 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 WEEETRF. 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 identifying a competent WMC through open tender to provide collection and treatment services for WEEE.

15. 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. The Administration advised that the five types of regulated electrical equipment had accounted for some 85% of WEEE generated locally in Hong Kong in terms of weight, amounting to about 60 000 tonnes per year. Since the proposed WEEETRF would not be monopolizing WEEE recycling, the existing private WEEE recyclers in the market could continue their operation after the WEEETRF commissioned in late 2016 or early 2017 provided that they could meet the prevailing requirements set by the Administration. Besides, the treatment capacity of the proposed WEEETRF could be expanded to 50 000 tonnes of e-waste per annum.

The proposed WEEETRF vis-à-vis private WEEE recyclers

16. Members further pointed out that different types of WEEE required different treatment processes to remove the harmful substances and recover valuable materials for resale. To prevent the proposed WEEETRF from vying with private WEEE recyclers for profits, a member opined that the proposed

WEEETRF should undertake the recycling of toxic and hazardous electrical equipment which required sophisticated treatment processes and were often costly for small-scale waste recycling operators. On the other hand, some members were concerned that the problem of "cherry picking" might arise if second-hand dealers or private recyclers chose to focus their business on recycling electrical equipment of high market value while the proposed WEEETRF would only be allowed to recycle toxic and hazardous equipment, which often required complicated treatment processes but had low commercial value in the second-hand market.

17. The Administration advised that it proposed to amend the WDO such that a waste disposal licence would be required and would only be granted if the operator of a processing facility could demonstrate that the treatment, reprocessing and recycling of regulated electrical equipment were environmentally sound. By so doing, the Administration would be able to ensure the proper handling of WEEE, provide a level playing field for private recyclers and the proposed WEEETRF and prevent private recyclers from cherry picking high-market value electrical equipment and treating them in a low-cost and not environmentally-friendly manner.

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 and the Administration's responses are hyperlinked in the **Appendix** for ease of reference.

Latest development

19. The Administration will report on the latest progress in implementing the proposed mandatory PRS on WEEE at the Panel meeting on 26 January 2015.

Relevant papers

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

**Mandatory producer responsibility scheme on
waste electrical and electronic equipment**

List of relevant papers

Council/ Committee	Date of meeting	Papers
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))</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))</p> <p>Minutes of meeting (LC Paper No. CB(1)853/11-12)</p>
Panel on Environmental Affairs	28 April 2014	<p>Administration's paper on "Handling of waste electrical and electronic equipment (WEEE) and WEEE Treatment and Recycling Facility" (LC Paper No. CB(1)1292/13-14(03))</p> <p>Updated background brief on "Mandatory producer responsibility scheme for waste electrical and electronic equipment" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)1292/13-14(04))</p> <p>Minutes of meeting (LC Paper No. CB(1)1812/13-14)</p> <p>Administration's supplementary paper on "Handling of waste electrical and electronic equipment (WEEE) and WEEE Treatment and Recycling Facility" (LC Paper No. CB(1)1499/13-14(01))</p>

Hyperlinks to relevant Council Questions:

Date	Council Questions
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