



HONG KONG RETAIL MANAGEMENT ASSOCIATION

**Responses on the Legislative Council Brief in Product Eco-Responsibility
(Regulated Electrical Equipment) Regulation (Ref: EP CR 9/150/28)**

(22 May 2017)

On behalf of the Hong Kong Retail Management Association (“the Association”), we write to present our members’ views on the Legislative Council Brief in Product Eco-Responsibility (Regulated Electrical Equipment) Regulation (“Brief”) in relation to:

Submission of returns (para. 6 – 8 of the Brief)

1. Para 6 – it is suggested to clarify the particulars of the information to be included in the quarterly return for submission to the Director of Environmental Protection (“DEP”), e.g. opening stock and closing stock volume, quantities of the each REE distributed during the period, whether the breakdown of quantities of each mode of “distribution” (as defined under s.31 PERO) is to be provided in for the DEP to determine the payable levy.
2. Para 8 – comment to para. 6 also applies.

Records to be retained (para. 9 of the Brief)

3. Please clarify whether electronic records are acceptable for this purpose.

Submission of the Audit Report (para. 10 – 11 of the Brief)

4. Please clarify that for limited companies, whether such Audit Report can be prepared along with the annual financial audit for the purpose of preparing financial statements by the same certified public accountants and if so, whether it is acceptable such Audit Report’s publication date can be aligned with the audited financial statements. It is desirable for the suppliers to have certain and synergies regarding audit planning.



Provision of Recycling Labels and Receipts (para. 12 – 14 of the Brief)

5. Para. 14 – The proposed wordings to be set out under the invoice are too long as (i) the customers do not need to be notified of the amount of levy which has already been paid by the registered supplier (NB. they can find out from other channels, e.g. website/poster in stores), but simply be informed the levy was paid, and (ii) there is very limited space on the receipt, and printing the suggested version of the wordings would increase use of further paper which is not an environmental friendly act, and (iii) upon completion of sale, the sales staff would hand over the relevant Recycling Labels and verbally brief customer the relevant levy has been paid.
6. Suggested rephrased wordings on the receipt:

Certain product(s) set out in this receipt are regulated electrical equipment under which the payment of recycling levies under the Product Eco-responsibility Ordinance have been fulfilled.

本收據所列的某些產品是《產品環保責任條例》所指的受管制電器，相關循環再造徵費已經支付。

Removal Service (para. 15 – 18 of the Brief)

7. In relation to Para. 15:
 - please clarify whether a seller can assume the role of “default collector” or one of the alternative collectors under the removal service plan by way of own delivery team/third party service provider and deliver to the named licensed recycler. Practically, it is common for retailers to arrange delivery of new goods to the customer and collect the e-waste at the same time to enhance customer service level.
 - [regarding the licensed recycler under a Removal Service Plan, at present there is only one approved operator (ALBA-IWS) hence upon enforcement it is the de factor monopoly as the destination of e-waste. HKRMA members and the logistic industry found this to cause significant issues in respect of preliminary negotiations for Removal Service Plan – as the only licensed



recycler to receive the e-waste from the default collectors (or alternative collectors), ALBA-IWS dictated the negotiation process and attempted to insert a condition to also appoint them as the default collector under the Removal Service Plan – which we believe to cause concern in competition in the upstream market of collectors’ take-back services. In addition, it is still unclear the sums which the licensed recycler would pay the independent collector(s) for the e-waste would be sufficient to cover the collector’s cost to collect e-waste from the end-customers and deliver to the licensed recycler. There is a fear that sole licensed recycler has an incentive to underpay the independent collectors (or not to pay at all) to foreclose them from operating in the free take-back service market.]

- further, we would like to see the Environmental Protection Department (“EPD”) to make greater effort to appoint more licensed recyclers in order to enhance competition for processing of e-waste which in turn would provide more choices for the sellers under the Removal Service Plan, and ultimately enhance the service level and competition in entire e-waste collection/processing value chain.
8. Please clarify regarding what is “reasonable time” for onward delivery of the e-waste by the collector to the recycler (para. 18 of the Brief).
9. There are other practical uncertainties concerning free take-back service for retailers for further clarification:
- whether documentary record on the copy of the receipt retained by the retailer recording customer’s indication of rejecting the free legal take-back service is a good evidence of retailer discharging its statutory obligation upon distributing a REE.
 - it is unclear on whether in case of taking back multiple e-waste items under the same receipt would be considered to be one or multiple transactions regarding free take-back service (e.g. TV, air-conditioners and refrigerator under same receipt, where delivery timings of the various products are via different delivery teams and hence the take-back service may need to be completed on more than one occasion) – further clarification is required from the EPD.



- It is common for end-customers seeking delivery service personnel to disconnect large items of old REE (e.g. air-conditioner, washing machine) and remove the items for disposal. However, we understand that certain potential default collector insists that their staff would only collect the e-waste on the basis of no “disconnection service” to be provided. Practically, it creates uncertainty and inefficiencies (e.g. default collector made an appointment to the customer’s premises for collection of e-waste, but fail to complete the appointment because the appliances were not disconnected in advance). We therefore suggest that default collector must also provide the “disconnection service” as per customer’s request, whilst the relevant training should be provided to the relevant personnel and ensuring sufficient insurance to cover this part of the work.

Others

10. Importers and sellers only have a limited role in collection of e-waste associated with new purchase. It is suggested from an environmental protection policy’s perspective, the EPD should commit promoting to end-consumers on the importance to sending the e-waste to the licensed recyclers via free take-back service when buying new REE as well as making effort themselves to send unwanted e-waste to licensed recyclers.
11. In view of the uncertainty, it is suggested to impose a trial period of 3 months before the enforcement date and a grace period of 12 months from the enforcement date, respectively, be set out under the enforcement guidelines that EPD will devote effort and resources to promote compliance rather than enforcement against importers and/or sellers as one of the policy objectives. This would provide valuable time for the industry (importers / sellers / collectors / recycler) to test the effectiveness of the operational measures in respect of compliance of the respective obligations under the law.

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