

**Second Meeting of
the Economic and Employment Council**

***Agenda Item 5 : Employment Opportunities for
the Recycling Industry***

Purpose

This paper briefs Members on the measures taken to facilitate the development of the recycling industry, which could in turn create employment opportunities, and seeks Members' comments on the proposed new measures to further assist the industry.

Measures taken to promote the recycling industry

2. It is Government's committed policy to facilitate development of the local recycling industry. We have been taking the following measures to promote and facilitate waste recovery, which could in turn create more employment opportunities for the recycling industry –

- (a) continuously supporting and promoting various waste recovery business and community activities, and trying out different forms of waste recovery methods, such as the wet/dry waste sorting pilot scheme and the placement of waste separation bins in public places and housing estates. For wet/dry waste sorting in particular, we are examining the feasibility, logistics and cost-effectiveness of this form of waste recovery. If it proves to be economically and practically viable, we will consider applying this form of waste recovery on a larger scale, which could provide more employment opportunities for green collar workers in the longer-term;
- (b) strengthening public education and publicity to encourage the public to participate in waste separation and recovery;

- (c) providing land under short-term tenancies (STT) for recycling operations. At present, 27 sites with a total area of about 5 hectares have been leased to recyclers under this arrangement;
- (d) planning for the establishment of a 20-hectare Recovery Park at Tuen Mun to provide long-term land for recycling operations;
- (e) injecting \$100 million into the Environment and Conservation Fund (ECF) to support primarily community waste recovery projects undertaken by community organizations and green groups;
- (f) making available funding from the ECF and the Innovation and Technology Fund for introducing and developing new technology for waste reduction and recycling. This would facilitate the development of new technologies for waste reduction and recycling and encourage the various sectors in Hong Kong to adopt such new technologies; and
- (g) creating an economic environment conducive to recycling operations, which will in turn provide more business opportunities. For instance, we are examining the feasibility of introducing mandatory product responsibility schemes with a view to reducing waste and enhancing waste recovery in Hong Kong. As a start, we are considering the feasibility of introducing a mandatory product responsibility scheme for waste motor vehicle tyres. Separately, we aim to implement charging schemes on the disposal of construction waste in 2005 and municipal solid waste in the long-term, which will provide economic incentives for waste recovery.

3. We believe that our measures to promote waste recovery and recycling would facilitate the development of the recycling industry. For instance, the demand for collection services and the increase in the throughput of recyclable materials would provide more business opportunities and in turn create more employment opportunities. In fact, our efforts to promote waste prevention and recovery have been generally

effective. The recycling rate of municipal solid waste registered a 5% increase from 36% in 2002 to 41% in 2003¹, which is the largest yearly increase ever observed. We have also succeeded in continuing to arrest the growth in municipal solid waste disposed of at landfills for four consecutive years since 2000, which compares favourably with the 3.5% annual growth rate previously.

Employment opportunities for the recycling industry

4. The recycling industry is currently hiring some 3,000 employees and indirectly engaging 20,000 employees/casual labour. We recognize that the existing local recycling industry involves relatively small-scale and labour-intensive operations (e.g. manual sorting). Moreover, it lacks a manufacturing base and technologies to further process the recovered materials into recycled products or semi-processed manufacturing materials. According to the information gathered by the Environmental Protection Department, some 90% of the recovered materials are simply exported at relatively cheap prices, while only less than 10% are locally re-processed.

5. Notwithstanding the above, we need to bear in mind that if recyclers no longer rely on the current labour-intensive process, the demand for manpower and hence job opportunities will decrease. For example, as the amount of recyclables increases, some recyclers might adopt automation and technology-intensive equipment to enhance the cost-effectiveness and the viability of the business. If they no longer rely on the current labour-intensive process, the demand for manpower will decrease. In addition, recyclers with large-scale technology-based plants may drive the small recyclers out of the market, which will in turn affect the number and types of jobs available in the industry.

6. Nonetheless, we recognize that there is a need to develop a green industry to enable the local recycling industry to bring about long term

¹ While recognizing that the increase is mainly attributed to an unusual surge in metal recovery for the year as a result of a strong demand for waste metals in the Mainland, it also reflects that our measures to further promote waste prevention and recovery are effective.

benefits to Hong Kong, including economic benefits and job opportunities. By developing the current recycling business into a green industry could help create jobs at a more technical and management level. Moreover, the recycling industry could obviate the need to rely solely on export, which is dependent on the increasingly tightened import policy of the other countries. This would in turn enhance Hong Kong's competitiveness in the global recycling business.

7. Recognizing that land is essential for recycling operations, we consider that the availability of land at an affordable cost is crucial for the growth and development of the recycling industry. Apart from the provision of STT sites and the planned Recovery Park, in response to the industry's requests, we consider it worthwhile to examine the following proposed new measures (as set out in paragraphs 8-10) to help develop a new green industry.

To facilitate access of recycling operations to the industrial estates

8. The existing industrial estates in Tseung Kwan O, Tai Po and Yuen Long² which provide long-term land are attractive to some industrialists who intend to make capital investment for their recycling operations. We appreciate that the existing admission policy of the industrial estates does not discriminate against the recycling industry. Applications from the recycling industry that can meet the admission criteria will be considered³. However, we understand from the recycling trade that they are usually only considered for the Yuen Long Industrial Estate and that admission to the industrial estates in Tai Po and Tseung Kwan O is difficult.

² The three industrial estates are managed by the Hong Kong Science and Technology Parks Corporation. Developed land in the industrial estates is provided at cost to companies with new or improved technology.

³ At present, a few environmental projects have been admitted into the industrial estates. These projects involve recycling of waste lubricating oil, recycling medium paper from waste paper for packaging, producing coated duplex boxboard, grey back from recycled paper and retreading tyres for commercial jet aircraft etc.

9. It should be noted that recycling operations are not necessarily low-end. In fact, those recycling operations being carried out in the industrial estates involve intensive technologies (e.g. recycling of waste lubricating oil) and do not create any environmental nuisances. We consider that by facilitating access of recycling operations to the industrial estates could provide the industrialists more land options, which are important for their business planning.

To accord priority in the allocation of short-term tenancy sites for recycling operations

10. With the assistance of the Lands Department, we have been letting out STT sites exclusively for recyclers. At present, 27 sites with a total area of about 5 hectares have been leased to recyclers under this arrangement. The provision of STT sites is an important tool to assist those recyclers who cannot afford buying private land for setting up their business. The measure is welcomed by the recycling trade. We consider it essential to accord priority to allocation of more sites for recycling operations. A longer tenancy period for these sites will also be beneficial to recyclers, who will then be more willing to make longer term investment in new technologies and equipment. This could in turn facilitate development of the green industry.

Conclusion

11. Members are invited to comment on the proposals as set out in paragraphs 8-10. We will examine the proposals in consultation with Commerce, Industry and Technology Bureau and Housing, Planning and Lands Bureau in the light of Members' views and comments.